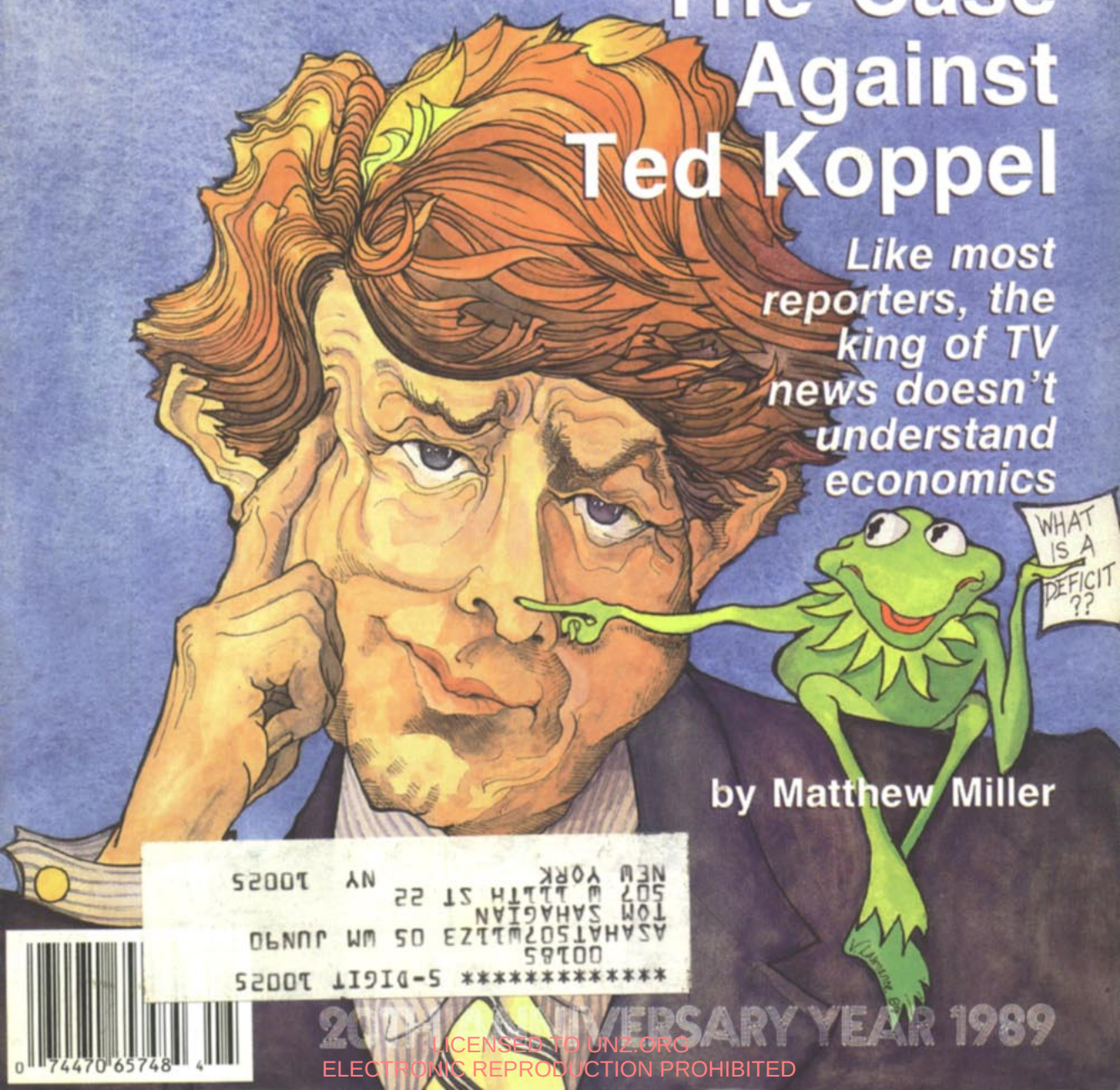
- James Fallows: How America's Test Fetish Keeps Good Men Down
- Reviews by Hendrik Hertzberg, Nicholas Lemann, Garrett Epps, Sylvester Monroe, and Charles William Maynes

The Washington Monthly

MAY 1989/$3.00

The Case Against Ted Koppel

Like most reporters, the king of TV news doesn't understand economics



by Matthew Miller

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20TH ANNIVERSARY YEAR 1989

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They're playing with America's future.

Mergers, takeovers, quick profits. They're part of the money-moving game a lot of U.S. corporations are playing today.

While the competition is investing in research, training and new equipment, American business is gambling on short-term deals that jeopardize our long-term security.

High stakes for America:

We're not investing. On key indicators like fixed investment and civilian R&D expenditures, Japan has **doubled** its lead over the U.S. since 1979. During this decade of merger mania, Japan's manufacturing productivity rose 60% faster than ours.

We're "debt poor." Around 25% of corporate cash flow now goes for debt service, including billions borrowed to pay for takeover games. That's money competitors in Japan and Europe can use for research and new product development.

Our technology's slipping. Foreign inventors were issued 47% of all U.S. patents last year—one-fifth of the total went to the Japanese alone.

We're exporting our strength. While the competition has been building technological and worker strength in their own nations, American corporations have hiked offshore investment by 50% since 1983—U.S.-based multinationals now do over 25% of their manufacturing **outside the U.S.**

There's greed at the top. American CEOs make up to **six times** what CEOs earn in 14 other industrial nations. Compensation for top U.S. executives shot up 51% in the last five years and bears no relation to company performance.

It's time to turn it around.

American business should put America's future first.

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International Union, UAW

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The Washington Monthly

Volume Twenty-One, Number Four May 1989

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LETTERS

Shallow waters

Scott Shuger's article, "The Navy We Need and the One We Got," [March] is a shallow, out-of-touch analysis of today's Navy and the current threat. The numerous fallacious arguments presented—from his criticism of large-deck aircraft carriers to the D-5 missile in our new ballistic missile submarines—have no validity and have been rejected numerous times in various fora.

Today's Navy is prepared to fight across the entire spectrum of conflict—from inshore, Persian Gulf operations to "blue water" combat with potential adversaries. The force structure in place today is capable of doing just that. In the final analysis, that is what was successfully proven by events in the Persian Gulf.

In this real world with real threats, Navy readiness is also real and will continue to be the vital pillar on which U.S. maritime superiority rests as we approach the twenty-first century. Contrary to Shuger's contention, we have the right ships, right aircraft, and right training facilities for our people. Most importantly, we have the best people and highest state of readiness the Navy has enjoyed in my 36 years of Naval experience.

C.A.H. TROST
Washington, D.C.

Admiral Trost is the chief of naval operations.

Smith strikes back

In Julie Rose's article ["The Impossible Life of a College President," March] Mary Maples Dunn, president of Smith College, took a highly undeserved rap on the knuckles for all her peers. Rose's shallow understanding of how a great institution stays great should have been enlightened by her visit to Smith. Instead, her analysis reflected entirely the preconceptions she brought with her.

Smith College's first priority is to offer a high-quality liberal arts education for women, a goal clearly spelled out in our fund-raising literature. That Rose chose to focus instead on a minor paragraph about our athletic facilities makes one wonder how much of our message she was able to absorb.

Dunn's respect for the value of a liberal arts education is evidenced by her thoughtful leadership in all aspects of our institutional life, which includes spending time to secure Smith's financial future. The pursuit of excellence will always mean the pursuit of dollars, an inescapable truth understood by Dunn and her fellow trustees. Our academic quality depends on their continued success.

By doing a president's job cheerfully and well, Mary Maples Dunn leads us in our efforts to guarantee Smith students the opportunity to pursue lives that will be useful to society and fulfilling to themselves.

EUPHEMIA HARE STEFFEY
Northampton, Massachusetts

Ms. Steffey is chair of the board of trustees of Smith College.

What's wrong with you?

I have always been very willing to forgive the *Monthly* its minor sins, with my belief in the good intentions and sound intellect of the editors and writers. However, Charles Peters goes too far ["Tilting at Windmills," March]. To call the lack of black coaches in the National Football League a scandal is true but outrageously hypocritical when one realizes that there have been no black editors at the *Monthly*, and no black or female contributors to this, supposedly self-critical issue. Where are the pieces by Tina Rosenberg, Suzannah Lessard, Kathleen Kennedy Townsend, and others?

I have yet another quarrel. I have read *Parting the Waters* by Taylor Branch and consider it superb. However, to honor it in your pages, when Branch is a contributing editor, strikes me as incestuous not to mention superfluous when one considers the other, equally deserved honors bestowed on it.

BARBARA BERMAN-LEE
San Francisco, California

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Only Seven Years Old*... nd She's Already Speaking Frenc

It's a scientific fact...and one of Nature's marvels. During the early years of childhood, the human mind is best programmed for learning a language — any language.

That's why children learn so much more easily than adults, even *before* being able to read. They learn the same way they learned English — naturally — by listening, seeing, and imitating. In the international world our children will compete in — where so many Europeans and Asians start a foreign language early — a second language will be essential. Vital for competing with polished and accomplished peers.

Sample ages for beginning a second language**			
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Sweden	Age 7	Spain	Pre-School
Austria	Age 8	Canada	Pre-School

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I found your issue on what's wrong with this magazine very interesting. However, I was disappointed to find not one mention that the top 1 percent of American families have as much after-tax income as the bottom 40 percent.

W. ALAN BAIRD
Philadelphia, Pennsylvania

Yo', Joe!

"The Case Against Joe Nocera" [Joseph Nocera, February] was excellent and so true. I am so disgusted with the public school system that my ninth-grade daughter will go to a parochial high school. We can't really afford to pay tuition, but it will be worth it to us. There, she will have a much better chance to achieve academically, with the average class size being only 12. There is a dress code and ethics classes are offered. The staff cares about their students and parents are involved. She is our youngest, and I wish I had had the insight to put her older brother there also.

PATRICIA HILBERT
Colorado Springs, Colorado

The last hurrah

George V. Higgins's review of Steven P. Erie's *Rainbow's End* [Booknotes, January] brought to mind Mark Twain's observation on Wagner's music: "It must be better than it sounds."

Erie's book is far better than Higgins makes it sound. But *Washington Monthly* readers would never learn that from this filibustering review—a product of the "look ma, no hands" school of reviewing. Not until some 300 words into it does the reviewer mention either the author or the book.

And when he belatedly moves beyond pontificating to summarize the argument, Higgins manages to miss the book's main point about the past half century.

Rather than burying the bosses, the New Deal and welfare-state liberalism gave them a renewed lease on life by providing a fresh source of loaves-and-fishes. Political machines like Chicago's remained intact until Reaganite retrenchment cut off the spigot of federal largesse, precipitating a "rainbow revolt" from below.

Erie's book offers a new look at what "the last hurrah" really meant for urban politics. Its message shouldn't be lost beneath the din of Higgins's exercise in capricious, irresponsible journalism.

HAROLD BRACKMAN
San Diego, California

Pork rind futures

Mickey Kaus writes about people who might blow their IRAs by investing them in pork rind futures ["Watch What You Call Welfare," March]. As far as I know, IRA money is not allowed to be invested in commodities futures. I am soon to set up my first IRA, and an investment adviser for Shearson Lehman Hutton told me this last week.

ROBERT MARINCIN
Fullerton, California

The Washington Monthly

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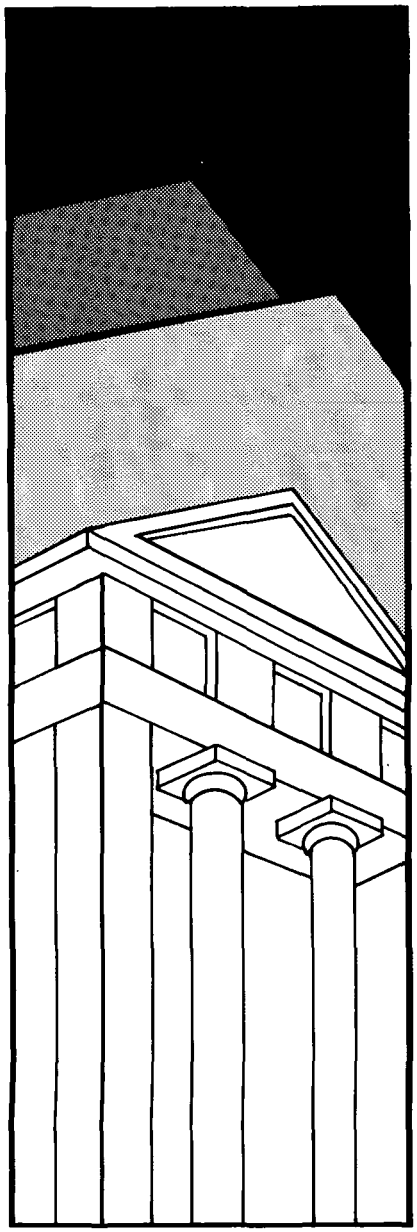

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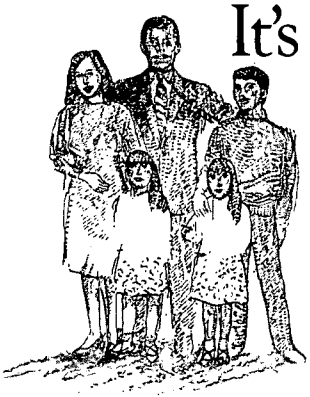
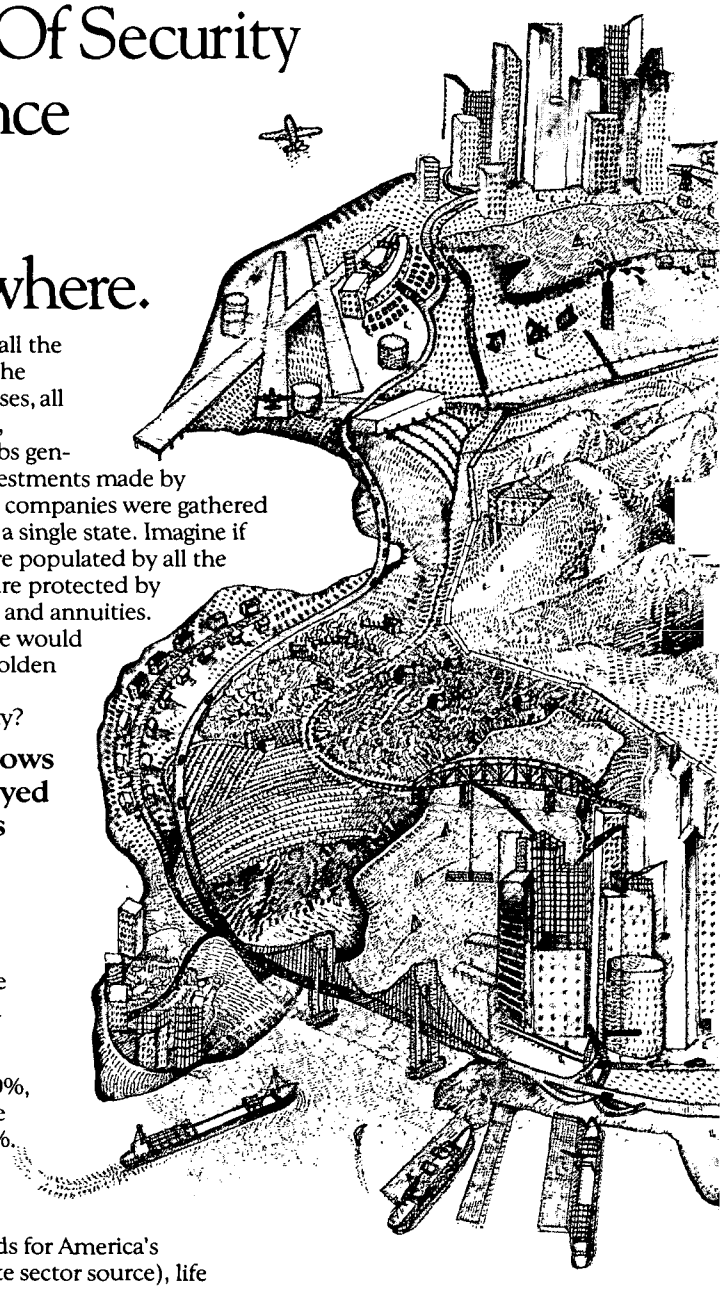


It's Everywhere.

Imagine if all the industry, all the small businesses, all the buildings, and all the jobs generated by investments made by life insurance companies were gathered together into a single state. Imagine if that state were populated by all the people who are protected by life insurance and annuities.

Such a state would dwarf the Empire State and make the Golden State lose much of its luster. What else would you call it but the State of Security?



The Great State of Security grows from the state of security enjoyed by over 155 million Americans who own life insurance and annuities.

Today, far more families enjoy more protection than ever before. Eighty-one percent of all U.S. households have some form of life insurance, with an average coverage of $110,000.

There are few better bargains. Since 1960, the cost of living has increased 300%, while the cost per $1000 of life insurance coverage has actually come down by 30%.

How big is the Capital of the State of Security?

By providing 12% of the available funds for America's capital markets (the second largest private sector source), life insurance companies contribute as much to the public good as they do to the security of private citizens. Currently life insurance companies have hundreds of billions of dollars invested in America, over $580 billion of which is held in corporate and government bonds, spread across every state in the union.

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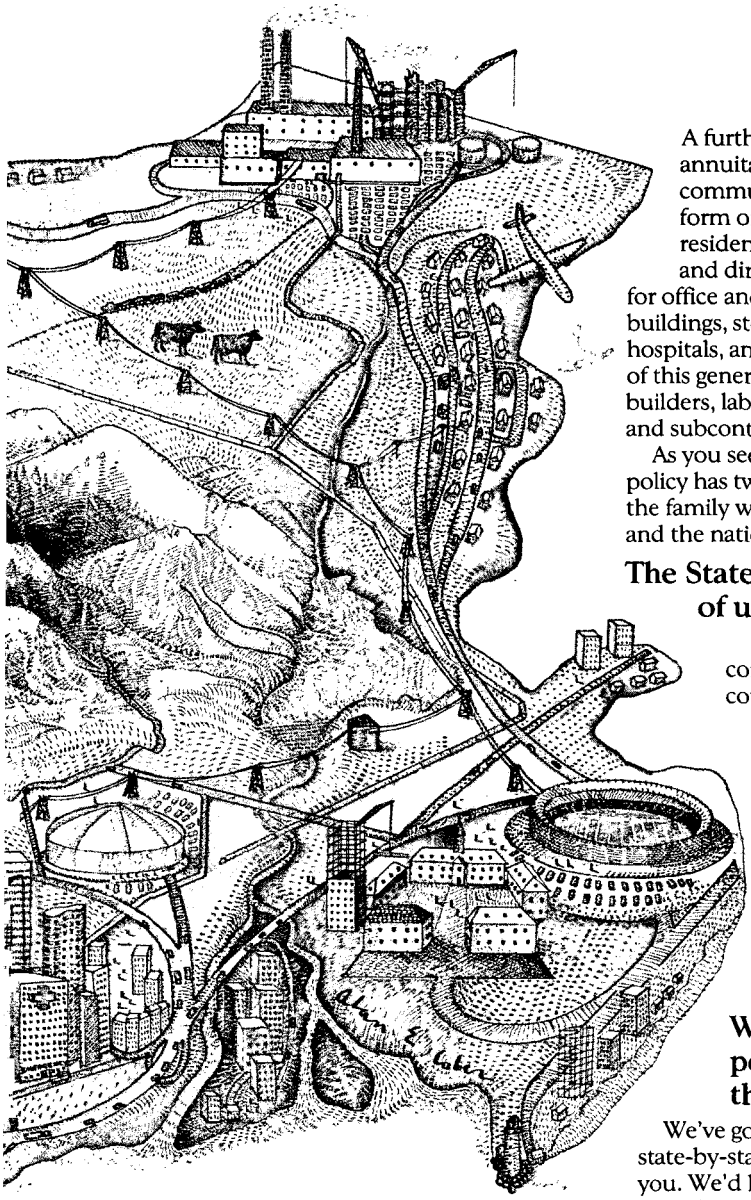
Great State On Any Map.



A further $250 billion of these policyholders' and annuitants' reserve funds are returned to communities in the form of commercial and residential mortgages and direct investments for office and industrial buildings, stores, homes, hospitals, and schools. All of this generates work for builders, laborers, suppliers, and subcontractors.

As you see, every insurance policy has two beneficiaries: the family who buys it and the nation's economy.

The State of Security benefits not just a few of us, but all of us.

In a time when the U.S. savings rate compares so unfavorably to that of other countries, increases in life insurance and private pension reserves account for over one third of all long-term personal savings in the U.S. Unlike foreign sources, these funds provide a particularly stable and reliable source of long-term capital.

This constant cycling of funds from families to industry and back to families and their communities makes life insurance America's greatest industry for growth.

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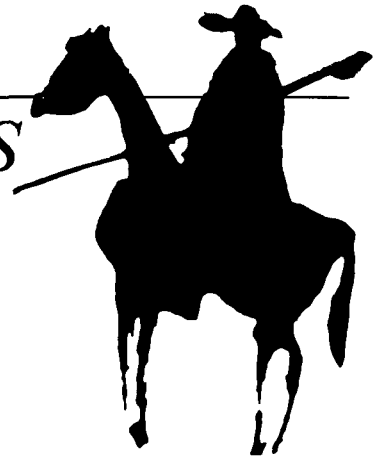
TILTING AT WINDMILLS



When we think about the foreigners who export addictive substances to this country, we picture a bunch of swarthy thugs with dark gloves and wonder why they do such terrible things. But what does the rest of the world think of us when it reads "the United States exported a record $4.15 billion worth of tobacco and tobacco products last year, including 118.5 billion cigarettes?"...

If you aren't convinced that executive salaries have gotten out of hand, ponder the recent headline in the business section of *The Washington Post*: "Average Thrift CEO paid $250,000."

While the practice is especially outrageous in the case of the incompetently run savings and loans, overcompensation of its top echelons is characteristic of American business today. One reason for these salaries is that the boards of directors that confer them often consist of the CEO's friends and lackeys—and of CEOs from other companies who hope that they will be the beneficiaries of similar largesse and so don't want to break the great chain of favors that binds together the bigshots who serve on one another's boards. Incredibly enough, even in the absence of such friends, lackeys, and fellow CEOs, boards seem to have a natural tendency to fill dull moments at meetings with motions to increase the chief's salary. Someone will say old George deserves a raise and the other members mindlessly nod their heads....

Name two sports in which fixed contests are an accepted tradition. Okay, wrestling is one, but what's the other? It is the home game in professional basketball. As of April 8, the Washington Bullets had a home record of 28 wins and 9 losses. On the road, they had won only 9 and lost 26. For the Atlanta Hawks, the comparable figures were 28-8 and 16-21; for the New York Knicks, 32-5 and 15-21. The same home/away contrast holds true for every team in the NBA.

But, you ask, isn't it just that home crowds are more supportive? In fact, far more is involved. The fix is put on by the owners who want to attract crowds to their home arenas with the lure of victory. They require visiting teams to take the earliest scheduled flight on game day, which in turn often demands a 6 a.m. wake-up call to get to the airport on time. Usually, the home team has the night off before the game, whereas the visitors may have

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played consecutive nights not only in different cities but in different time zones....

You're an archeologist doing a dig near City Hall in New York. You find some foundation stones, a builder's trench, and the brick and plaster rubble of an 18th century building. What are you going to say you have found? Your grants need renewing and a bit of publicity could help. Call it "a homeless shelter from the 1700s" and you're sure to get a front-page story in the Metropolitan section of *The New York Times*.
Such a story did in fact appear early last month. While I would not for a minute suggest that my cynicism about the story's origin is justified in this particular case, I have long ago concluded that the average New Yorker is a born P.R. person and that we must be ever alert to the resulting proclivity to turn whatever he or she is doing into a news story....

One reason the District of Columbia police force finds crime prevention so nettlesome is that in 1968 it had one captain and five lieutenants per precinct. Today each precinct has a deputy chief, four captains, and around 20 lieutenants.

Such top-heaviness of course is typical of the federal civil service as well. The turning point was 1978, the year in which the number of people at the bottom rank, the GS-1s, were finally outnumbered by those at the top, the GS-18s....

Another problem for the D.C. police department is that 800 of its 3,950 officers become eligible to retire this year. Sixty percent of the entire force is eligible to retire by 1992. This, mind you, is after just 20 years of service. Most of them are healthy and still young. Does it make any sense to pay them *not* to work when they are needed to patrol the streets? If a policeman has spent 20 years patrolling the mean streets of Anacostia, he might deserve not retirement but assignment to a softer job. But the great majority have already spent a substantial amount of time in offices or riding around in cars in safe neighborhoods....

The truth we all suspected about the Reagan years is now official. The rich got richer and the poor got poorer. The income of the top fifth rose by 11 percent, while that of the bottom fifth declined by 6.1 percent. Fortunately, George Bush is proposing a cut in the capital gains tax to help those poor souls stuck at the bottom....

Washington is awash in new million-dollar houses. Could this have anything to do with the fact that residential real estate is one of the few tax shelters remaining after tax reform and that tax reform put a million-dollar cap on mortgage debt, for which interest could be deducted? Why don't we limit the mortgage to $250,000, or if you want to be kind to your upper-middle-class friends, $500,000? Or why don't we limit the interest that can be deducted in one year to, say, $20,000? Any of these steps would help reduce the deficit. It would also make the rich less able to dodge taxes. And it would accomplish both these ends without affecting the incentive the deduction provides for lower- and middle-income housing.

At the time we're making this legislative repair, we ought to fix another loophole that was left in the reform bill. It permitted people who had mortgages of more than a million dollars to continue carrying mortgage debt at whatever level it was in October 1987. If a wealthy homeowner had a mortgage of $8 million, he can refinance it and still have the $8 million ceiling. This would permit him to enjoy a perpetual tax savings of about $126,000 per year....

I've got good news for all my friends at the bar. There's still time to sign up for the "Innovative Billing" seminar to be held at Paradise Island, the Bahamas, on the 19th and 20th of this month. The textbook is *Beyond the Billable Hour: An Anthology of Alternative Billing Methods*. This may turn out to be the first bar association meeting at which the members spend more time in the seminar than at the beach. After all, the subject is not something frivolous, like how to give the client better service. This is about the heart of the matter—how to get more money from him....

Not long ago we wrote about a federal judge, who, like most of his colleagues who had stepped down from full-time duty on the bench, had chosen "senior judge" status instead of retirement. He could make more money that way, enjoying all the raises given the full-time judges. The judge we were describing has done no judicial work at all for years. And it turns out, he's not the only one. According to *The Wall Street Journal*, 48 of the 277 senior judges do no judicial work....

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Among congressmen who seem least likely to vote to ban cigarette advertising, Dan Schaefer of Colorado stands out. On January 11 he received a $1,000 honorarium from the Tobacco Institute. On February 2, he got another $1,000. He added still another on February 3. . . .

When I was working for John Kennedy in the 1960 campaign, I encountered quite a few voters who disliked his father, Joseph P. Kennedy, so much for his appeasement during the early stages of World War II that they would not even consider voting for his son. A. Scott Berg's new biography of Samuel Goldwyn offers further evidence for the concern they felt. In 1940, while the Battle of Britain was raging, Kennedy advised a luncheon meeting of 50 top Hollywood producers to stop making anti-Nazi pictures or "using the film medium to promote or show sympathy to the cause of the 'democracies' versus the 'dictators.' ". . .

Still worried about the deficit? Here's another way to reduce it. We own property in Tokyo, including an embassy, which is now worth $5 billion. Why not sell it to the Japanese government, which professes such grave concern about our deficit, and then lease back only the space we absolutely need to carry on essential diplomatic functions. In fact, we should do this where real estate prices are high in the rest of the world. Sometimes we won't even have to lease back. As I have often pointed out, in scores of smaller countries such as Mali and Mauritania it would make sense for us to use the Canadian or Australian or British embassies to take care of our business while we did the same for them in other countries. The savings in manpower as well as real estate could be substantial. . . .

One of my fondest delusions during the early eighties was that this magazine had had something to do with the then-declining number of law students. But the downward trend has been reversed. Who turned out to be more persuasive than *The Washington Monthly*? "L.A. Law."

Throughout the nation, 22 percent more students took the Law School Admission Test in 1988 than in 1987. At the University of Texas Law School, 1989 applications are 17 percent above 1988 and 30 percent above 1987. The Texas dean, Mark Yudof, explains:

"Students turn on 'L.A. Law' and they see they can make a tremendous living, get good cases, have a good sex life, and eat good meals.". . .

Waiting in line at the post office can be exasperating. That's why Dolores Martinez, the manager of lobby operations for the New York post office, is my heroine of the month. She has installed machines at two of the city's branch offices that give out tickets telling you what number you are in line and estimating how long you'll have to wait. So instead of having to stand in line, you can go out for a walk, or pick up your dry cleaning. Of course it would be better still if you would be served promptly and not have to wait at all. . . .

The Washington Post's Metro section doesn't know Washington, an indignant reader recently pointed out in a letter to the editor of the *Post*, citing, among a large assortment of examples of the section's ignorance of local geography, a story criticizing D.C. ambulance drivers for getting lost, accompanied by the *Post*'s map showing the supposedly correct route that would, in fact, have taken any driver who followed it straight into a dense wood. This geographical innocence is part of a larger problem of embarrassing ignorance about Washington that has been characteristic of the *Post*'s Metro reporters over the years. Most of them have come from somewhere else and most serve only a few years on Metro because it's low on the *Post*'s totem pole. . . .

Another kind of ignorance about Washington was illustrated by John Chancellor, who recently told "NBC Nightly News" viewers that federal employees earn 22 percent less than their counterparts in the private sector. This is false and has been false for the 25 years I've heard and read similar observations made by hundreds of Chancellor's colleagues in the press. If these fellows had been reading *The Washington Monthly*, they would have known that the comparison on which the 22 percent figure is based is between real jobs in the private sector and job *descriptions* in the civil service. These descriptions, written by government employees themselves, are designed to get the highest possible salary. In the words of our contributing editor, Leonard Reed, "They endow the average file clerk with responsibilities before which a Harvard MBA would quail.". . .

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In Washington, we have an upscale grocery store called Sutton Place Gourmet that always seems to be jammed with well dressed young people carrying briefcases. Since everything costs more, why are they there? My friend, Walter Shapiro, has found the explanation. Fancy food is the least expensive way of establishing your social class by proving your good taste. If you can't afford a Rolls, you can still feel like you belong in one by buying Grey Poupon instead of French's. . . .

Ronald Kessler's new book, *Moscow Station*, while marred by an obvious tilt in favor of its FBI sources, is nevertheless a devastating portrait of CIA and Foreign Service incompetence and self-indulgence at our most sensitive diplomatic post. They employed Soviet nationals for lower-level tasks around the embassy. The Soviets, of course, never hired Americans to work in their embassy in Washington. But the Americans were used to this sort of thing—they did it at posts around the world. They got into the business of hiring foreign nationals because they were cheaper, and often more temperamentally suited to domestic service than Americans. Also, they could be hidden in budgets Congress didn't see, could spare the Americans the embarrassment of including servants, plumbers, and drivers in their own diplomatic class, and most important, could translate for the American Foreign Service officers, who traditionally have been reluctant, to say the least, to learn the host country's language.

In Moscow, according to Kessler, "the Americans wooed the Soviets to drive them to the ballet, cut their hair, fix their radios, and even answer their phones at the embassy switchboard." A frightened would-be defector would have to talk first with a Soviet before he could plead for help from an American.

"Only the Soviets supplied by UPDK, a state agency controlled by the KGB," Kessler adds, "could work in foreign embassies in Moscow."

I was thinking of this when I saw a recent dispatch from the Associated Press that began:

"U.S. embassies abroad have hired hundreds of foreign nationals for security posts and other jobs without background checks, heightening the risk of espionage and terrorism."

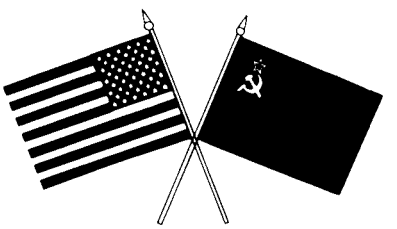
In Egypt, 204 guards were not investigated; in Algeria, 94. In Argentina, 71 guards, who were hired by a local contractor, were investigated solely by him. In Thailand, the local contractor could choose which of the 183 guards he hired to protect U.S. facilities should be investigated. They were *not* investigated by U.S. security officers.

I was thinking of this again in early April, when one of the network news programs did a segment on our base at Guantanamo Bay. There were pictures showing Cubans who work at the base flowing through the gates each morning. No doubt they are personally selected by Fidel, who also insists that they exchange their dollars for pesos when they leave the base. That way he gets both the secrets and the hard currency. . . .

Some people think that the District of Columbia's government is bad because it is black. That that explanation won't work is proved by the performance of the D.C. Metro system. Sixty-two percent of its employees are black and it is generally recognized as the best transportation system in the country. . . .

Incompetent teachers—Are these the rotten apples that are spoiling our system?—Unfireables populate public classrooms" read the banner headline across the front pages of the *Charleston* (West Virginia) *Sunday Gazette-Mail*'s Outlook section on April 2. I congratulate the *Gazette-Mail* for taking on an issue that most editors seem unaware of, even though the large number of marginal talents who have invaded the classroom since 1970—when the women's movement began discouraging women from following traditional female career paths—is a critical national problem that must be faced if we are going to have any chance of giving a good education to those who can't attend private schools. . . .

—*Charles Peters*



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What's Wrong With Testing?

Except for supressing the talented, protecting incompetents, and making us less productive— not much.

by James Fallows

The term "meritocracy" was popularized 30 years ago by the English sociologist Michael Young, who introduced it in his short satire, *The Rise of the Meritocracy.* Taken literally, meritocracy means "rule by the meritorious," and such a system is what America, among other societies, has always dreamed of attaining. Many people assume, even without thinking, that the current system of school tracking, tests, and professional organizations is about as efficient a meritocracy as we're likely to devise. But is the connection between intelligence and success really so necessary and natural? It is not, as an examination of the meritocracy's premises will show.

The starting point for today's meritocracy, of course, is the idea that intelligence exists and can be measured, like weight or strength or fluency in French. The most obvious difference between intelligence and these other traits is that all the others are presumably changeable. If someone weighs too much, he can go on a diet; if he's weak, he can lift weights; if he wants to learn French, he can take a course. But in principle he can't change his intelligence. There is another important difference between intelligence and other traits. Height and weight and speed and strength and even conversational fluency are real things; there's no doubt about what's being measured. Intelligence is a much murkier concept. Some people are generally smarter than others, and some are obviously talented in specific ways; they're chess masters, math prodigies. But can the factors that make one person seem quicker than another be measured precisely, like height and weight?

Think for a moment about the difference between measuring intelligence and measuring anything else. We know that some natural traits are distributed according to what the statisticians call a "normal distribution," better known as a bell curve. Height is the classic example. If you randomly chose a thousand American men and measured them, you'd find that most would be slightly over or under six feet, smaller numbers would be four inches taller or shorter, and only a few would be at the top and bottom of the scale. Many other natural characteristics—the number of hairs on a person's head, the size of fish in a lake—follow a normal distribution. But some other, equally natural features, don't. Hair color among Japanese citizens does not have a normal distribution: almost everyone's is black. The ability to walk is another example. It is not "normally" distributed, since the great majority of people can walk without difficulty, and a minority of those who are too old, too young, or too sick cannot.

James Fallows, a contributing editor of The Washington Monthly, *writes for* The Atlantic *from Yokohama, Japan. This is excerpted from his book* MORE LIKE US: Making America Great Again *published by Houghton Mifflin Company, Boston, Copyright © 1989 by James Fallows. Reprinted by permission.*

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There is, then, nothing in nature that dictates that intelligence be distributed along a bell curve, with the normal proportions of geniuses and morons and people with average IQs. So how can we be sure that intelligence really is distributed that way? In fact, we can't; no one is sure just how it is distributed. The bell curve was invented for analytic convenience, not because anyone believed that it resembled the real, underlying pattern of intelligence. That is, if test makers produced a set of questions, but students' scores on the test did not follow a "normal" distribution, then the questions themselves must be bad. Good questions were those which yielded a bell-shaped curve.

IQ scores now fall into a bell curve mainly because that is where the original English and American psychometricians thought they should fall. But suppose they'd started out with different preconceptions. Suppose they believed that "intelligence" was something like "health": some people were weak and some were strong, but most people were "healthy enough." Their bodies may have been shaped differently, but one type couldn't be called healthier than another. In that case, the distribution of IQ scores would have been very different. Indeed, it would look more like the distribution in Japan, where the prevailing idea is that intelligence (among Japanese) *is* like health. Most people are thought to have "enough."

This brings us to the second question. Whatever intelligence may be and however it may be distributed, is it really the main factor in determining how far people can go in life? Unless IQ is an important limit, the entire tracking system makes no sense. Why start channeling people early if most of them really can handle most jobs? Why not let them end up where they will, by trial or error, or encourage them to keep starting over? Why hive people off to trade school if, given a later chance, they could become scientists, doctors, or inventors?

As it happens, there have been some studies designed to test precisely this hypothesis: that only a small fraction of the public is intelligent enough to do complicated professional work. If the hypothesis were true, you would expect to see a correlation between IQ scores and positions on the job ladder. The greatest variety of IQ scores would be at the bottom of the ladder, because people in society's bad jobs would be (a) those people who weren't smart enough to do anything else and (b) those people who were smart enough but for one reason or another—weak ambition, negligent parents, sickness, alcoholism, character defects, simple bad luck—never fulfilled their potential. At the top of the ladder, there would not be much variety—there couldn't be, since only those with high IQs could handle professional or managerial work.

In *I.Q. in the Meritocracy*, R.J. Herrnstein discussed one important study that confirmed this expectation. He compared the intelligence test scores given to tens of thousands of recruits during World War II with the jobs they'd held before induction. As he had predicted, there was much variety at the bottom and less among those in good white-collar jobs.

Robert Hutchins of the University of Chicago warned that when the G.I.'s came home, "colleges and universities will find themselves converted into educational hobo jungles."

But Herrnstein's subjects were young, just starting out in life. When Michael Olneck, of the University of Wisconsin, and James Crouse, of the University of Delaware, worked from data that followed men later into their careers, they found just the opposite. Their principal source of information was the "Kalamazoo brothers" study, one of sociology's longest-running and most thorough surveys, which followed thousands of boys from their childhood in Kalamazoo well into adulthood. Because the study lasted so long, early guesses about the boys' potential could be matched against the way their careers actually turned out.

When Crouse and Olneck compared men's first jobs with their test scores, they found a pattern like Herrnstein's. But the longer they followed subjects, the more the pattern changed. Of the Kalamazoo brothers who ended up as professionals, 10 percent had been considered "high-grade morons" as boys. Their childhood IQs were below 85, putting them in the bottom sixth of the population. One third of all the adult professionals, and 42 percent of the managers, had childhood IQs below 100. On average, managers were smarter than normal, but many managers were dumb. The greatest diversity of IQ scores was not among unskilled laborers, as Herrnstein had predicted, but among those in professional jobs. "While men with quite high test scores would rarely be found in undesirable jobs,

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men with low scores are represented in desirable jobs in fair numbers," Olneck and Crouse said. Men in the highest category, "professional, technical, and kindred," had a mean IQ of 107.5, but the lowest score in this category was 62, often classified as "imbecile." The standard deviation of IQ scores was greatest at the highest levels; the most homogeneous groups were the ones with the lowest scores, laborers and farmers.

"Rather than high cognitive ability being essential for successful performance in desirable jobs, it appears that the capacity to succeed in such jobs is rather widespread, and is not confined to men who score well on tests," Olneck and Crouse concluded.

Here is an implication worth chewing on. The ultimate justification for a system with early tracking is that we're chronically short on intellectual talent. Pretending that a low-IQ student can ever do a professional job, runs this argument, is like telling people that they can eat sand. They can't, and it's both cruel and inefficient to mislead them. Yet Olneck and Crouse's findings indicated that the basic reasoning was wrong. Many men who'd been classified as "subnormal" and "morons" did fine in jobs demanding high skill, once they *got* the job. Perhaps they had managed to raise their previously low IQs, or perhaps what the tests measured was not really significant. In either case, the "limits" imposed by low IQ did not seem to be natural.

Hobo jungles

There is an even more familiar (and more emotionally charged) example of the same principle: the story of the G.I. Bill.

As World War II ground toward its close, the concept of the G.I. Bill was taking shape. The government decided it could reward the returning veterans, and help the economy digest hundreds of thousands of demobilized men, by offering a free or subsidized college education to every G.I.

The most prestigious members of the educational hierarchy thought this was a preposterous idea. Robert Hutchins, of the University of Chicago, warned in 1944 that when the G.I.s came home, "colleges and universities will find themselves converted into educational hobo jungles." In the same generous spirit, James B. Conant, the president of Harvard, said in 1945 that the bill was "distressing," because it did not "distinguish between those who can profit most by advanced education and those who cannot." The bill was clearly a scheme to push people beyond what their intelligence permitted.

In one way—but not quite the way they intended—people like Conant and Hutchins were right. By promoting the idea that everybody should go to college, and that any trade worth learning (accounting, physical education, journalism) should be learned in a university, the G.I. Bill magnified the importance of academic credentials and diminished the academic role of the university.

But Conant and Hutchins could not have been more wrong about the G.I.s. When the 2.3 million veterans enrolled, they turned out to be phenomenally successful. Older, less flighty, more seriously motivated than ordinary students, the early G.I. Bill scholars became the most successful group of students American universities had ever seen. By 1947, *The New York Times* was reporting that "the G.I.'s are hogging the honor rolls and the dean's lists." *Newsweek* reported that not one of Columbia University's 7,826 veterans "was in serious scholastic difficulty at the last marking period." *Fortune* said that the class of 1949, 70 percent of whom were veterans, was "the best...the most mature...the most responsible...the most self-disciplined" in history.

Somehow children raised in the Sicilian village or the Indiana farm managed to become engineers and schoolteachers and pharmacists.

The G.I.s' success might seem surprising to anyone who took the shortage-of-talent hypothesis seriously. But it was wholly consistent with several other major trends in American and world history. During the two and a half centuries before the G.I.s went to college, the Western world had accomplished its Industrial Revolution. At the beginning of that process, most people lived on the farm. IQ tests almost always show that rural children are less intelligent than urban ones; the scores typically go up when the families move to town. If widespread IQ testing had been available in the early 1700s, it would surely have shown that there weren't enough intelligent people available to do advanced industrial work. Yet somehow people adjusted. Since 1900, the proportion of "intellectually demanding" profes-

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sional and managerial jobs in the United States has quadrupled, and yet Americans rose to the task. Somehow children raised in the Sicilian village or on the Indiana farm managed to become engineers and schoolteachers and pharmacists, once the changing job market let them do something besides slop the hogs.

It is theoretically possible that now, in the late twentieth century, we've finally reached the precise equilibrium point. Perhaps we have exactly as many smart people as we have difficult jobs. If this is so, then it makes sense to channel people as early as possible. Why fool them with unrealistic expectations? Why let talent dribble away?

There was a lot of unrecognized talent in the American hinterland of 1900; there is also talent in the ghettoes and steel towns and backwoods today.

This is theoretically possible, but it's absurd. It's easy to tell in retrospect that there was a lot of unrecognized talent in the American hinterland of 1900; there is also talent in the ghettoes and steel towns and backwoods today. Japan's theory of intelligence is designed to make everyone rise to challenges. That country is often, and accurately, described as having the "best bottom 50 percent on earth." America's theory of intelligence writes off the supposedly untalented bottom ranks.

There is a third presumption shoring up the school-based meritocracy: How can we be sure that we have competent engineers, teachers, air-traffic controllers, and lawyers if we don't insist on their having gone to the best schools?

This idea sounds even more logical than the first two. But it is not any truer. To see what is wrong with it requires a look at the difference between "competence" and "ability."

In 1973, 10 years after he published *The Achieving Society*, David McClelland wrote a short article about precisely this distinction. "Testing for Competence Rather than 'Intelligence'" appeared in a professional journal, *American Psychologist*. McClelland, who had spent many years investigating why people "succeeded," asked in this article whether it made sense to devote so much effort—through testing, tracking, and requiring academic credentials—to predicting who would succeed.

It was certainly true, McClelland said, that IQ tests helped predict who would get good grades in school. This was not exactly a surprise, since grades and test scores measured similar skills. He said there was also a statistical correlation between doing well in school and succeeding later in life, since in twentieth-century life you had to get through school to enter a profession or get a managerial job. But did being good at school itself, apart from its value in getting a person a job, usefully predict how well he'd do the job? McClelland's answer was no.

McClelland said that most researchers had failed to find a connection between good grades and good professional performance, once they removed the effect of the credential itself. People who got good grades at one level of schooling usually did well in the next level too, but that was about as far as the correlation went. The most impressive part of the findings, McClelland said, was how hard they were for most academic officials to accept: "It seems. . .so self-evident to educators that those who do well in their classes must go on to do better in life that they systematically have disregarded evidence to the contrary that has been accumulating for some time."

McClelland added that in the 1950s, he chaired a committee of the Social Science Research Council, investigating the correlation between grades and occupational success. It found that college graduates predictably got better jobs than nongrads, but that academic differences among college graduates did not seem to matter very much. McClelland said that even he balked at this conclusion until he went back to study the postcollege careers of some of his own students. He dug out his grade books from Wesleyan University, where he had taught in the 1940s, and got the names of the eight best and eight worst students in his class. He traced their careers through the early 1960s, at which point he found no difference between the two groups. The better students had gotten into better graduate schools, but they had not necessarily proven more successful in their working lives.

Army Alpha and Russian Jews

McClelland and a number of other researchers who have been interested in why people succeed, not in how smart they are, have emphasized that ability and competence are two different attributes, not always related. Ability is theoretical potential; it's similar to some nightmare version of the Soviet

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WHO'S WHO

If you followed the Watergate hearings, you may remember the absent-minded testimony of **Richard Moore**, a seemingly elderly aide in the Nixon White House. Moore couldn't give a straight answer to any question, but his good-humored apologies for his weak memory won the forgiveness of senators and viewers alike, all of whom must have assumed that this engaging old codger was not long for this world. Well, here it is 16 years later and Moore has just been named ambassador to Ireland by the Bush administration. Moore was still in his fifties when he fooled everyone into thinking he was nearly senile....

How does **M. Danny Wall** hold on as head of the Federal Home Loan Bank Board after presiding over the savings and loan disaster? It may have something to do with the fact that his rabbi is **Senator Jake Garn**, for whom he had worked and for whom his wife now serves as secretary and who happens to be the ranking member of the banking committee....

Richard Cheney, the secretary of defense, says he "would have served if called" during the Vietnam war. He doesn't say that he kept himself from being called by choosing to go to graduate school, getting married, and having a child....

Bonnie Newman is in charge of perks at **George Bush**'s White House. She is the one who decides whether you get the chauffeur-driven car or the good parking space. No one other than clergymen or psychiatrists is likely to see the character of White House staff members so nakedly revealed. This helps explain why one of the most insightful books ever written about the White House, *Breaking Cover*, was written by one of Newman's predecessors, **Bill Gulley**, who held the job under four administrations....

Chic Hecht, who gained fame for his remarks about "nuclear suppositories" while he was senator from Nevada, explains his qualifications for his new job as ambassador to the Bahamas this way: "I'm sure I will feel at home in the Bahamas. I've been involved in gambling in Nevada. I love golf and they have a lot of nice golf courses and good fishing."...

James Baker's holdings in the Chemical Bank were, according to *The Washington Post*'s **Walter Pincus**, worth $1.2 million instead of the $2.9 million reported here last month. Pincus adds that Baker did not "disclose his bank stock during his 1985 Senate confirmation hearing and none of the members appeared to be aware of it until it was disclosed four years later in the *Post*."...

What does it say about **Henry Kissinger**'s opinion of **Lawrence Eagleberger** and **Brent Scowcroft** that he paid the former twice as much as the latter while they were employed by his consulting firm?....

Two months ago Who's Who pointed out how Bush has taken good care of the people who know about his participation in the Iran-contra affair and who might, if unhappy, choose to blow the whistle. Other names that should have been added to the list were **Thomas Pickering**, **John Negroponte**, and **John H. Kelly**. **Amiram Nir**, Israel's secret agent who told Bush about the arms for hostages deal, may have been taken care of in a less happy way. He died in a mysterious plane crash in Mexico after last fall's election....

Out—*Commerce:* Assistant Secretary for Communications and Information—**Alfred C. Sikes.** *Interior:* Undersecretary—**Earl G. Jelde.** *Transportation:* Deputy Secretary—**Mimi Weyforth Dawson.**

In—*White House:* Member, Council of Economic Advisers—**Richard Schmalensee.** *Commerce:* Undersecretary for Travel and Tourism—**Rockwell Anthony Schnabel.** Assistant Secretary for Administration—**Thomas J. Collamore.** Assistant Secretary for Technology Policy—**Deborah Wince-Smith.** Assistant Secretary for International Economic Policy—**Thomas J. Duesterberg.** Assistant Secretary for Congressional Affairs—**William Douglas Fritts Jr.** Assistant Secretary and Director General of the U.S. and Foreign Commercial Service—**Susan Schwab.** Assistant Secretary for Communications and Information—**Janice Obuchowski.** *Defense:* Deputy Secretary—**Donald J. Atwood Jr.** Secretary of the Army—**Richard L. Armitage.** Secretary of the Navy—**H. Lawrence Garrett III.** Secretary of the Air Force—**Donald B. Rice.** Assistant Secretary for Legislative Affairs—**David J. Gribbin.** Assistant Secretary for Public Affairs—**Pete Williams.** *Education:* Undersecretary—**John Theodore Sanders.** *Housing and Urban Development:* Assistant Secretary for Public and Indian Housing—**Joseph G. Schiff.** *Interior:* Undersecretary—**Frank Bracken.** *Justice:* Deputy Attorney General—**Robert B. Fiske.** Assistant Attorney General for Legislative Affairs—**Carol T. Crawford.** *Labor:* Assistant Secretary of Labor for Occupational Safety and Health—**Jerry Scannell.** Assistant Secretary for Pension and Welfare Benefits—**David George Ball.** Assistant Secretary for Policy—**Jennifer Lynn Dorn.** Assistant Secretary for Public Affairs—**Dale T. Tate.** *State:* Assistant Secretary for European and Canadian Affairs—**Raymond Seitz.** *Transportation:* Director, Federal Aviation Administration—**James B. Busey IV.** Assistant Secretary for Policy and International Affairs—**Jeffrey Shane.** Assistant Secretary for Budget and Programs—**Kate Moore.** *Treasury:* Assistant Secretary—**David W. Mullins Jr.** *Agencies and Commissions:* Administrator, National Highway Traffic Safety Administration—**Jerry R. Curry.**

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		$	$	$	$	$	$	$	$	$	$	$	$	$
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			$	$	$	$	$	$	$	$	$	$	$	$
Medicare					$	$	$	$	$	$	$	$	$	$
Financial Aid to the Needy							$	$	$	$	$	$	$	$
Federal Pensions							$	$	$	$	$	$	$	$
Health										$	$	$	$	$
Education												$	$	$
Veterans Benefits and Services												$	$	$
Transportation												$	$	$
Agriculture													$	$
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When the FAA studied the backgrounds of its best controllers, it found no correlation between academic training and professional skill.

Olympic-training system, where grade school children have their muscle fibers and body fat tested to see who is the most promising natural athlete. Competence is what you can actually do today; it's the idea behind the summer training camps held by National Football League teams, where the coaches see whether the promising rookies and the veteran stars are up to snuff this year.

The Soviet Olympic-training system may be fine for the Soviets, but the summer training camps are closer to the American ideal of how a merit system should work. Everyone has a chance; no one can coast for long; there's always next year. To reflect America's goal of openness and also to ensure skillful performance, an American merit system should pay more attention to competence than to ability. But McClelland and others have shown that the emphasis on professions, occupational licenses, and educational requirements rewards ability more and competence less.

The licensed professions focus attention on how a teacher or accountant or doctor trained for his job—did he go to the right school and get the right credential?—while simultaneously discouraging measurements of how well the people already in the profession do their work. Teachers' unions, for example, fight hard to keep "unqualified" people, those without education degrees, out of their profession and then fight equally hard against competence tests and outside assessments of how qualified today's teachers are. The IQ and tracking systems strive for more and more refined predictions of who will succeed but make no corresponding attempt to see who is in fact doing a good job.

There are two separate issues involved in this shift from competence to ability. One is what it does to the American idea of starting over and having second chances. The other is whether it's effective in its stated goal, guaranteeing skillful performance.

The effect on mobility is straightforward: the more we concentrate on ability, the harder it is for people to find new roles. It's all but impossible to think of starting over when the steel mill closes down if your big mistake was being in the slow reading group in fourth grade or choosing the wrong parents. Moreover, an emphasis on ability inevitably leads toward a hereditary class structure, since measured IQ is inherited about as consistently as money. The people with the most money and the highest social standing do best on the tests.

There are dozens of similar illustrations. When the Army Alpha tests were given during World War I, they showed that intelligence varied with both rank and race. Soldiers with Anglo-Saxon backgrounds had IQs higher than the average score for all whites; Irish Americans' scores were below that average; Greeks placed lower still; southern blacks, lowest of all. (Blacks from the northern states, who mainly lived in cities, had higher scores than newly arrived Italians, Poles, and Russian Jews.) The correlation between money and intelligence could, of course, merely indicate that America's meritocracy is functioning perfectly. The smartest people are getting the best jobs, earning the most money, and having the most talented children. But since this pattern showed up with the very first intelligence tests, which were given in the days of Jim Crow laws and blatant bias against immigrants and women, it is hard to believe that pure merit is the true explanation. Rather, the tests seem to measure something closely connected with social standing, so the correlation between IQ and money is a tautology; that is, it's two measures of the same thing.

Whatever the explanation for the link between money and intelligence may be, the effect is clear: an emphasis on so-called ability makes America rigid. People who start out on the bottom have inherently less chance to rise than those placing above them.

The second issue is whether this bias is necessary. Like the destructive side of capitalism, rigidity may simply be the price America must pay for its long-term growth. This, in fact, is exactly the argument that R.J. Herrnstein made in his book about the meritocracy.

But maybe this is not the whole story. Whenever scholars and investigators have looked closely at what people do in their jobs, they've found substantial differences between what it takes to get a job and what it takes to do it well. That is, they've found that the complicated and onerous effort to predict who will succeed need not be made at all.

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Part of the problem here is that as licensing requirements have become more restrictive and been based even more on schooling, they haven't necessarily been tied to practical job skills. In California, contractors must pass a pencil-and-paper test before they can be licensed to go into business. According to one study, the major effect of this requirement was to spawn a cram school industry that taught people how to pass the test. "Most licensing exams involve written responses to questions and extensive recall of a wide range of facts that may have little or nothing to do with good practice," S. David Young wrote in *The Rule of Experts*. "For example, occupations such as plumbing and barbering rely on written exams devised by state licensing boards that test little more than the ability to memorize irrelevant facts. Another example is the California licensing examination for architects, in which candidates are expected to discuss the tomb of Queen Hatshephut and the Temple of Apollo." Knowing about the tomb and temple would be a plus for anyone; the question is whether it serves anyone's interest, except that of the architects' guild, to keep people who don't know from entering the market.

Amateur hour

Moreover, once a person does get a license, he's practically immune from later scrutiny. Daniel Hogan, a lawyer and social psychologist at Harvard, pointed out that in 1972, only 0.1 percent of practicing lawyers were subject to some form of disciplinary action. Yet in another study, 30 percent of lawyers said they were aware of some legal or judicial misconduct. That is, something was seriously wrong with the standards of competence and honesty in the profession, but the elaborate system of licensing and credentials did very little to control it. In a typical recent year, only one American physician out of every 710 has his license revoked or suspended; most Americans who have been patients will find it difficult to believe that 709 out of 710 physicians are completely competent. Professionals must put in years of schooling and pass a test before entering the field, but they're usually never tested again. People who have passed the bar exam are licensed to do anything from drafting wills to arguing a case in court, although the skills involved are very different. A person who has not been to law school or passed the bar exam cannot do either, even though he may have exactly the right skills. ("60 Minutes" publicized the case of Rosemary Furman, of Florida, who drew up low-cost legal forms for poor people. No one contended that she was incompetent or had offered bad advice, but she was sentenced to jail for practicing law without a license.) Only those who have been to medical school can prescribe drugs or perform surgery, but psychiatrists, surgeons, and research specialists are legally free to do any of those things. A few professions have accepted "continuing education" requirements, which, once more, measure "input": the architect or lawyer shows that he has taken more courses, not necessarily that he's kept up his skills.

The NFL summer training camps are closer to the American ideal of how a merit system should work. Everyone has a chance; no one can coast for long; there's always next year.

Those in the growing field of "competence" studies have developed a theory of how modern, complex society could operate without heavy licensing requirements. The consulting firm Richard Boyatzis heads, called McBer, was founded by David McClelland in 1963. It analyzes what people actually do in business jobs—not what their job descriptions say, but how they spend their time and which skills seem most crucial to their success. "I've come to see that whenever a group institutes a credentialing process, whether by licensing or insisting on advanced degrees, the espoused rhetoric is that it's enforcing standards of professionalism," he says. "This is true whether it's among accountants or plumbers or physicians. But the observed consequences always seem to be these two: the exclusion of certain groups, whether by intention or not, and the establishment of mediocre performance."

One of the most exhaustive studies of the difference between preparation and performance, or ability and competence, was undertaken by Daniel Hogan. In 1979 he published a fat, four-volume study called *The Regulation of Psychotherapists*. Its purpose was to compare preparation and performance as carefully and systematically as he could. First he examined the day-by-day workings of psychotherapists at every level, from the social worker to the licensed psychoanalyst and the psychiatrist with an M.D. He devoted hundreds of

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pages to an analysis and a description of the traits that distinguish a good psychotherapist from a bad one. In deciding which psychotherapists were most effective, he concentrated strictly on "output"—whether the patient got better—rather than on "input"—how much effort the therapist applied, how much he charged, or how long he'd spent in school.

Then, having considered what it took to *do* the job well, Hogan, in the second half of the volume, went through all the qualifications a therapist needed to *get* the job. There was not much overlap between the two lists. To get a license to practice, a psychotherapist had to do well at hard, scientific training, which in most cases was unimportant in doing the job well.

Hogan's book was filled with cases illustrating this point. In a study done in 1965, for example, five laymen, only one of whom had finished college, were given fewer than a hundred hours of training in therapy skills. Then they were put in charge of patients who had been hospitalized, on average, for more than 13 years without significant improvement. Under their "amateur" treatment, more than half of the patients got better.

"Competence" studies like Hogan's have turned up many other illustrations of the difference between ability and performance—between what it takes to get a job and what it takes to do it. Two other fields are worth discussing: schoolteaching and air-traffic control.

Secrets of St. Albans

Anyone who wants to teach in the public schools must first be licensed, which means getting a degree from a teacher's college. Sometimes the people who get these degrees are good teachers, but that seems to be largely coincidental. In 1967, Harold Howe II, who was then the U.S. commissioner of education, said that this focus on credentials and certificates was "a bit like saying that Socrates wasn't a good teacher because he had no credentials. . . .We have forgotten that Spinoza earned his living as a lens grinder and that Tom Edison quit school at nine." Howe described a woman in her twenties who lived for several years in Paris, worked for a French magazine, and taught French at a private school when she returned to the United States. But when she applied for a job as a public school teacher, she was turned down flat because she had not been to a teacher's college. Howe concluded, "I probably don't need to tell you, either, that a majority of states do not require language teachers to be able to speak the language they are to teach." Denny Harrah is a former professional football player for the Los Angeles Rams, chosen for the Pro Bowl six times. When he volunteered to help coach a high school football team in Charleston, West Virginia, he was turned down because he was not "certified." One of my children spent a year with an elementary school science teacher who had been shifted from teaching English. She was fully "qualified" to teach, since she had her credentials, but she knew less about science than most of the children did. During that year my son was taught, among other things, that the moon rotated on its axis, you could see its back side from the earth, and that you could go blind from looking at a picture of a solar eclipse unless you protected yourself with smoked glass. My son would check each day's new information with a neighbor who had studied for a degree in astronomy. The neighbor, of course, was not qualified to teach.

Private schools are free to ignore education school degrees, and generally they do. I once observed classes at St. Albans, one of the most prestigious private schools in Washington, D.C. It was obvious that the students were learning more, or at least being offered more, than in typical public high schools. Part of the reason is that St. Albans is a very high-toned, expensive school that draws most of its students from professional-class families that stress education. But the school's headmaster, Mark Mullin, said that another factor was more important to the school's quality: "the freedom to hire the people we want. The freedom not to worry about certification, seniority, and all of that. I don't know how we'd do without it. That clearly is number one." Unlike the surrounding public schools, St. Albans could hire teachers who knew French and music, understood the rotation of the moon, and could also show that they had an instinct for teaching and dealing with children.

A few public schools have edged toward the same approach. The Houston school system has had to cope with large and rapid demographic changes, more dramatic than those in many other big-city systems. Only Los Angeles and Miami have had to absorb more immigrants in their schools. But unlike the performance levels in most other big-city systems, those in Houston schools went up in the mid 1980s. The superintendent of the Houston schools, a back-slapping character named Billy Reagan, said that his crucial advantage was his freedom, within the limits of a public school system, to let talented people teach even if they didn't have the right credentials.

An education school dean would probably argue that public schools should put more emphasis, not less, on preparation. If they wind up with science teachers who've seen the dark side of the moon, then the teacher's colleges should add more science courses to their curricula. This is the argument nearly every licensed profession has made when asking the government to stiffen entry requirements. (In the early 1970s, when I was working as an assistant in

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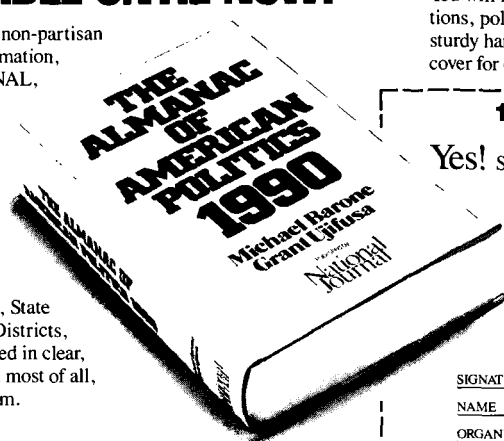

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the Texas state senate, a group of auctioneers demanded that the state government license them. The public was being jeopardized by unqualified auctioneers, they said. Rather than letting just anybody conduct an auction, the state should make people pass written tests and spend a certain period in apprenticeship.) But there is little evidence that the regulations have done what they are supposed to do—that is, protect the public more thoroughly than a simple market test would have done. (In the case of teachers, a market test would mean letting principals and school districts hire people who know their subjects, as private schools do today.) As S. David Young concluded in his book about licensing, "Occupation regulation has served to limit consumer choice, raise consumer costs. . .deprive the poor of adequate services, and restrict job opportunities for minorities—all without a demonstrated improvement in quality or safety of the licensed activities."

No to Tokyo

If schoolteaching and psychotherapy seem too "soft" to provide a fair test of meritocratic standards, what about air-traffic control? In 1970, in *The Great Train Robbery*, Ivar Berg reported on a study conducted by the Federal Aviation Administration, which wanted to analyze what made the 507 top-ranking air traffic controllers good at their jobs. The question was whether advanced educational requirements would produce more competent controllers; the answer was no. Berg said that the controller's job seemed to demand a high degree of academic preparation. It required an understanding of important mathematical and engineering principles, and it also drew on some of the personal qualities that higher education was supposed to foster: disciplined thinking, reliability, responsibility, and so on. Yet when the FAA studied the backgrounds of its best controllers, it found no correlation between academic training and professional skill. Half of the top-ranked controllers had never gone to college. Many of them had come directly to the FAA from high school or military service, and had then received rigorous technical training specifically related to their jobs.

When competence really matters—among air-traffic controllers, on the battlefield, in very competitive businesses, in high-powered prep schools—people soon find a way to look past academic preparation and find out who can really do the job.

There is one other argument for relying on "ability" and "preparation" to steer people toward jobs. They may not be perfect gauges of later competence, but how bad can they really be? Once, while interviewing officials at the Educational Testing Service headquarters near Princeton, I came to the end of a long discussion with an ETS test designer. Yes, he said, standardized tests measured largely, often laughably, arbitrary skills. Yes, they reflected the students' exposure to literate, upper-middle-class culture during their formative years. No, test performance didn't necessarily have much to do with useful job skills. And yes, children raised in families with the most money consistently did best on the tests, for reasons that seemed to reflect money itself as much as innate differences in talent. "But, in general, the kids who know these things know a lot else," he said. "A *lot*."

The idea that tests and school credentials are "close-enough" approximations of other, important skills might be satisfactory in Japan. There, everyone seems comfortable with the knowledge that the people—in practice, the men—who get into Tokyo University are the ones who will lead industry and government. The Tokyo University admissions test doesn't measure much that is directly useful to Toyota or the Ministry of Finance. The English-language portion of the test, for example, measures almost nothing that would be useful to people who intend to speak English. (In a sixth-year English class in Tokyo high school, I once listened to a 30-minute lecture, in Japanese, about the supposed difference between "attain" and "attain to." Apparently it had been on an admissions test.) But the tests do measure effort, and for the Japanese that's close enough. Conceivably the same principle could apply here. Long years in school and good scores on tests may not be directly connected to professional competence, but indirectly they may lead the right people to the right jobs.

The main problem with this reasoning is that it ignores the tremendous damage caused by the emphasis on "ability." The more that formal schooling matters, the harder it is for Americans to move out of the social class where they were born. For American society, unlike Japanese, schooling and ability should be emphasized only if there's no other way to ensure competence. In fact, as the evidence shows, the educational merit system increases costs and decreases opportunity without noticeably raising the overall level of skill.

The world is full of "close-enough" judgments, which are also known as "prejudice." Statistically, the average black American man is more likely to be a criminal, a drug abuser, and a credit risk than the average white American. Therefore, employers would be close enough if they refused to hire any blacks. This policy would be close enough, but it would be ugly and unfair.

America cannot afford to erect barriers that are close enough. America was built by people who broke out of categories, defied probabilities, and changed their fate. □

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Stop Panicking Over Inflation

Why liberals should hate Volcker and Greenspan and love low interest rates

by Paul Craig Roberts

Just the facts, ma'am.

The 1980s has been a period of low inflation, yet the fear of inflation has grown, leading savvy business-folk of moderate means, and those of great fortunes to their demise.

Take the Hunt brothers of Texas, whose sloppy guesstimates about the rate of inflation cost them *$4 billion*. Back in 1979, driven by an almost apocalyptic fear of inflation, the Hunts placed their faith in silver. They were convinced that inflation would roar unabated, making all paper money worthless. They were equally certain that the value of precious metals would soar. So they began to hoard silver, storing it in vaults around the world with the vision of rising Phoenix-like from the impending destruction of the dollar. They even envisioned themselves issuing their own silver-backed bonds once inflation ravaged the world's currencies.

Unfortunately for them, but fortunately for the rest of us, the dollar didn't sink to the value of the proverbial continental. Inflation cooled, and like so many other prices, the cost of silver actually tumbled, falling from $34 an ounce in February 1980 to just $11 the next month. Today, it is $5.80.

Despite the immortal failure of the Hunts, hundreds of thousands of investors continued to manage their money as if inflation were preordained. They leveraged themselves with debt, secure in the conviction that inflation, which allows a debtor to pay off his creditor in cheaper dollars, would make them winners. Farmers were KOed as the average value of farm land fell by half, from $1,053 per acre in 1979 to $564 in 1988 (in constant dollars). In Grapes-of-Wrath fashion, the farm-credit system collapsed, and the sight of a farmer auctioning off his tractor and his memories became commonplace. To stem the destruction, direct government payments to farmers soared 1,300 percent from $1.3 billion in 1980 to $17 billion in 1987.

The unexpected collapse in the price of farmland, energy, and precious metals, together with the Fed's high interest policy, helped push the country's savings and loans into bankruptcy. There are many villains in the S&L crisis, but one that is rarely fingered is the fear of inflation. The S&Ls had shoveled loans out the door—convinced that asset values could only rise. Today, of course, their enormous miscalculation could cost us more than $100 billion.

The point here is that the fear of inflation has consequences as real as inflation itself. These days those fears have found their focus: Alan Greenspan, chairman of the Federal Reserve Bank. It seems that every

Paul Craig Roberts holds the William E. Simon chair at the Center for Strategic & International Studies in Washington, D.C.

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day there are new calls for him and the Board of Governors to raise interest rates, even though the rates rose a full 3 percentage points last year. In late February, *The Washington Post* expressed doubt whether Greenspan "has done enough" by raising rates; Robert Samuelson of *Newsweek* has sounded the alarm for higher rates in three columns. (On April 12, his column in the *Post* was headlined "The Case For a Recession.") And Greenspan seems to be heeding the call. He's already indicated that he's inclined to tighten the reins—a move that could throw people out of work, crush more businesses, and revive all the horrible scenes of the early eighties, when the recession (hard as it may be to remember for those who have prospered) ruined many lives.

(Of course, high interest rates do cheer some, especially people with a lot of cash stashed in money market funds and, perhaps, foreigners who buy our Treasury bills. As a percentage of total budget outlays, net interest paid by the federal government rose to 14 percent in 1988 from 7.7 percent in 1978. In 1964, it stood at 6.9 percent. In 1987, interest payments on the debt totaled $139 billion, a sum almost identical to the budget deficit.)

It's become conventional wisdom that higher interest is just the dose of castor oil the economy needs. A recession now, so the thinking goes, will prevent inflation later. But suppose these latest fears of inflation are exaggerated, just as they were for the farmer who borrowed himself into bankruptcy, or for Bunker Hunt. If that were the case, then high interest rates would be more like poison than chemotherapy. Obviously, we need to be mindful of inflation, but a look at some of the scares of recent years will be enough to make one very skeptical of those who cry wolf.

Quench the flames

But, first, a couple of basics. It is the fear of the economy overheating that has led so many people to look to the Federal Reserve as a savior. According to the standard reasoning, as the economy grows, the demand of consumers outstrips the capacity of the economy to produce goods. Bottlenecks snag production. Labor shortages sprout up. Prices rise. Wages rise to keep up with prices. And on it goes into the infamous "wage-price spiral" that was on everybody's lips a decade ago.

Enter the Federal Reserve. It's supposed to be *the* inflation-buster. While it cannot decree what interest rates will be, it has several levers it can use to raise and lower them. If the Fed pushes up interest rates, then the economy pulls over into the slow lane—business will be less inclined to borrow and expand; likewise, consumers won't buy. A slow economy quenches the flames of inflation. When the price rise hit in February, virtually every paper in the country ran a story saying that the Fed needed to step in. Everyone quoted in the *USA Today* and *New York Times* stories following the announcement of the January inflation figures exhorted the Fed to raise rates still higher. In March, headlines in papers as different as *The New York Times* and *The Washington Times* sounded the alarm. "Rate Rise Expected from the Fed," *The New York Times* proclaimed, "Economists Can See Little Choice After Surge in Price Index." Washington's conservative daily echoed those fears: "Interest rates must increase to beat inflation—economists."

But there is no reason to worry so. Economic growth per se does not cause inflation. Time and time again, the American economy has proven it can meet demand. Look past the 1970s to the rest of our history. Between 1800 and 1940, the U.S. economy grew tremendously. Yet, in 1940 the wholesale price level was the same as in 1800. Taking shorter periods, statistics from Robert Barro's *Macro Economics* show an average annual growth rate in real GNP of 4.6 percent for the period 1840-1900—a hot performance. During this period, which includes the Civil War and the rise in prices that almost always follows wars, the inflation rate fell. The post-Civil War period until 1900 was an era of rapid expansion in real output accompanied by price deflation. In the 1920s output rose *and* prices fell. Besides, other countries, such as Japan, have faster rates of growth and less inflation.

It used to be that liberals understood this, but somewhere along the way liberal values underwent a transformation. Massive unemployment, bankruptcies, and the destruction of wealth ceased to be evils to avoid and became praiseworthy. It was astonishing to watch *The Washington Post*'s Hobart Rowen and *The New York Times* editorial board defend Paul Volcker's record and demand his reappointment.

Why have the views changed? A cynic might suggest that the interests of liberals have changed. Today liberals are part of the bond-holding class that fears, more than anything else, inflation. (Since bonds pay a fixed rate of interest, bondholders dread inflation.) For their part, conventional Republicans fear that the budget deficits will yield killer inflation. Liberal Keynesians fear that growth will inevitably be followed by inflation. And the experience of the rise of inflation in the seventies left many thinking that high interest rates are the only cure.

Frightened out of its wits

Whatever the reason for this shift in attitudes, killer inflation has been sighted more often than killer bees. And each new sighting proves equally

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absurd. Look at the banks. Back in 1982, as the Third World debt crisis peaked, foreign governments pleaded with Volcker to ease up on interest rates. The chairman finally relented, believing that the worst recession since the thirties had broken inflation and that continued high rates threatened the stability of the Third World and the large banks that are its creditors.

Amazingly, the banks still expected high inflation. The expectation of renewed inflation caused them to delay for several years any realistic approach to their loans to Latin America and Africa. Bank economists, egged on by weekly apocalyptic pronouncements by Reagan's budget director, David Stockman, assured their bosses that it would only be a matter of time before the prices of oil, copper, and raw materials in the Third World soared, making it possible for countries like Mexico to pay back the loans. Obviously, that inflation never materialized and the Third World remains mired in debt.

In retrospect, the banks should have built up their reserves in order to deal with the loans. But the belief that reflation was just around the corner caused creditors and debtors to dig themselves in deeper, thus delaying for some years the recovery of the Third World from the Volcker recession of 1981-82.

Just Take This Medicine

We agree with Paul Craig Roberts that the danger of inflation is widely overestimated. But that doesn't mean there aren't steps we can take to make sure that it does not become a serious threat to our economy. Pushing up interest rates, as the Federal Reserve Board has been doing, is *not* the right step. If the Fed continues along this path, a recession is practically certain. Why risk such an unhappy result when, instead of using the blunderbuss approach of higher interest rates with the overkill of the economy that they usually provide, we can take specific actions aimed directly at the *causes* of inflation?

The major cause of double-digit inflation in twentieth century America has been specific shortages of things people want. The inflation of the late 1940s was due to the shortage of consumer goods at war's end. As the economy got back on a peacetime footing, inflation abated. Interest rates didn't have to go sky-high; in fact, in 1948, as inflation cooled, the Fed's discount rate was 1.5 percent.

The problem with shortages held true in the 1970s, even as lots of people tried to place the principal blame for inflation on something else. Liberals pinned the blame on LBJ's escalation of the Vietnam war. Monetarists fingered Arthur Burns, Nixon's Federal Reserve chairman, who sped up the money supply in time for the 1972 election. Other culprits were the rise in wages of auto workers—and those in other industries—without increases in productivity and the 1973 wheat deal with the Russians, which drove up prices by reducing domestic supply.

All these things did, indeed, contribute to the inflationary spiral of the time. But the biggest culprit was a shortage—a shortage of oil brought on by OPEC, which we can thank for a 26 percent price hike in 1973-74 and a 56 percent boost in 1979-80. (Not surprisingly, the only years other than 1946-47 that inflation actually went into double digits were 1974 and 1979-1980.) Because the price of domestically produced oil followed OPEC's lead, the fact that we imported less oil than, say, Japan was of no help. Indeed, the OPEC hike was particularly inflationary in America because we guzzle far more oil than any other country on earth.

Since the main cause of the higher prices of recent months has once again been OPEC, oil prices should remain our primary target. How can we persuade OPEC to be reasonable? One way is to sell oil from our Strategic Petroleum Reserve to keep prices down and stem panic caused by shortages like the Valdez incident. Another way is to enact standby gasoline rationing authority, and make it clear that we will use it if prices get out of line. Because we consume so much of the world's oil, the prospect of a sudden reduction of demand through rationing should have a sobering effect on the oil-producing nations. And they are not unaware of the danger that too high a price will decrease demand, as it did in the early eighties. Their concern was enough to prompt this story in *The New York Times* of March 29: "OPEC Wants Its Prices to Stay Under a $20 Top."

The budget deficit is an obvious and often-cited cause of today's rising prices. Here are others and what can be done about them:

► **Medical costs.** In marked contrast to the mostly single-digit inflation we have been experiencing through most of this decade, Medicare payments to doctors have been rising 17 percent per year. Fourteen billion dollars is wasted each year on unnecessary surgery. The answer in both cases is tough regulation of doctors rather than higher interest rates.

► **Trade barriers.** Tariffs and quotas can be a good thing—a way of helping an industry that's on the mend. But too many barriers protect inefficient industries and keep prices high. Hobart Rowen recently made a convincing case against steel quotas that effectively limit imports to 20.2 percent of U.S. consumption. Because of those quotas, steel prices increased

Continued on page 30.

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It's worth looking at the way the Federal Reserve has panicked over inflation. In August 1987, when interest rates rose slightly, the Fed became alarmed, seeing it as a sign that the economy was over-heating. The board reasoned that a hike in the discount rate—the money it lends banks—would dispel the incipient inflation and allow interest rates to fall. Instead, the Fed went too far: interest rates shot up and contributed to the stock market crash that fall. Frightened out of its wits, the Fed quickly changed its tune and pumped out money to stop the wealth destruction that threatened the economy. As *The Economist* put it: "Sixteen months later, all members of that overcrowded club, the Hindsight Forecasters, agree that the rise in the discount rate tipped an overvalued stockmarket into the plunge of October 1987."

After this new disaster, the Federal Reserve Board drew up a list of inflation indicators to reassure the public that it would not again raise interest rates unless the danger signals were real. According to the Fed, a falling dollar, a rising price of gold, and rising commodity prices would be its indicators of inflationary pressures, justifying higher interest rates to slow the economy.

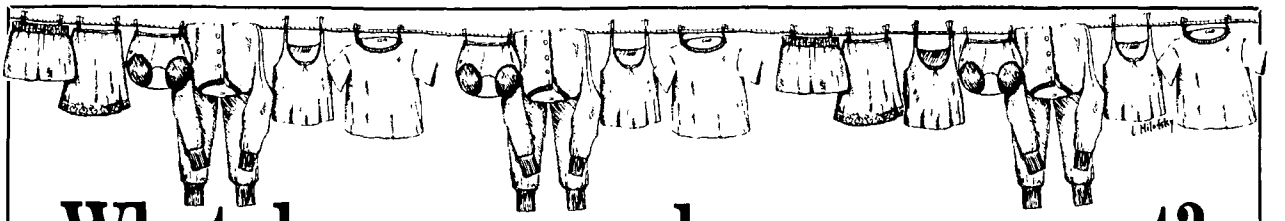
Exactly one year later, in August 1988, three hours before a Treasury financing, the Fed used its levers to raise interest rates, even though its own indicators did not support its action. The dollar was actually rising, the price of gold was falling, and the upward movement in commodity prices was almost entirely related to drought and drought-induced speculation from the summer's notorious heat-wave.

The Fed's many apologists, ranging from Martin Feldstein to Fred Bergsten and Robert Reich, invented a new theory to justify the Fed's action: Demand was growing faster than capacity, and, since business was not investing, inflation was inevitable.

This theory lasted a few days until the Commerce Department released its survey in September showing that real business spending on new plants and equipment was, in fact, surging—up 11.6 percent over the previous year. According to the department's report, investment would be a major source of U.S. economic growth in coming months.

"Okay," you're thinking. "Maybe this time it's for real. What about the reports of price hikes of recent months?" Maybe. But look at the facts. It's worth considering that there are still many factors keeping inflation at bay. Indeed, it's hard to believe that the economy is so overheated that there's just no way we can keep up.

One is the slow growth in money. The fact is that the Fed has *not* been gunning the engines the past



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two years, thus it's hard to imagine a monetary inflation.

A second factor holding down inflation has been the surge in U.S. manufacturing productivity during the 1980s. This is crucial because production has been able to keep up with wages. Since the recovery began in 1982, productivity has grown at a 4.5 percent annual rate—about twice the post-war average. The benefits of this productivity growth have taken the form of lower prices for manufactured products rather than higher wages and profits. Indeed, wages, while showing some rise recently, still seem to be under control. In 1988, a Labor Department survey found that only 4 of every 10 labor contracts include an automatic cost-of-living-adjustment compared to 6 out of 10 in 1978.

A third force working against inflation is demographics. The baby boom generation hit the economy in the 1980s, a surge of young adults who have low saving rates. As the boomers age, the personal savings rate should rise in the 1990s. As consumption falls as a share of disposable income, there will be less demand and hence less pressure for prices to rise.

A fourth factor is weak world demand. Before the 1981-82 recession, heavy lending to Third World countries was fueling demand for Western exports. The debt crisis precludes a near-term resumption of large-scale lending and has slowed the pace of internal development in most Third World countries. If demand is weak in the Third World, that's even less of a tug on our capacity.

We must resist the idea of inevitable inflation or we will suffer a needless recession. If we ever come to accept that it is a responsible, statesman-like act to ruin ventures and throw millions of people out of work with high interest rates, we will have become a hard-hearted people. □

an average of 15 percent in 1987 and 1988—almost four times the 4.4 percent rise in the Consumer Price Index in 1988.

This obviously had ramifications throughout the economy. Caterpillar Inc., the construction equipment company, contends that its prices rose some 8 to 30 percent because of the quotas—versus only 4 to 8 percent had they not been in place.

The steel quota should not be extended when it expires on September 30, and we should get rid of other barriers that are inflationary.

► **Lack of Leadership**. Presidential jawboning got a bad name in the 1970s when the Ford administration haplessly tried to fight soaring inflation with WIN buttons. But White House pressure can work. In 1962, President Kennedy staved off a major $6 a ton increase in steel prices. Unlike Ford, Kennedy put his political muscle into the fight. He went on national television to name names and denounce the hike. He transferred government contracts to companies that kept prices in line. At the Justice Department, Robert Kennedy began a grand jury probe for antitrust violations. The result: the hike was repealed.

One example of where we need White House leadership today is in the area of "cost-push" inflation—targeting bad agreements where wages outstrip productivity. This is less of a problem than it used to be, but labor costs have begun to rise. (In the last quarter of 1988 wages grew wages at a 5.5 percent annual rate.) The president should have a Noonan speech in the can before the next inflationary settlement.

► **The Weaker Dollar**. The lower dollar has been good news for American exports but bad for inflation. Because the dollar is so cheap, manufacturers have been able to raise their prices and still be competitive abroad. Take Dow Chemical. Back in the early eighties, when the dollar was high, Dow had to lower its prices to compete in world markets. As *The New York Times* pointed out, it can now raise them and still be competitive abroad. Last year the company did just that, raising its prices 14 percent. Other companies have followed suit, and the president needs to go after them with zeal.

► **Monopoly pricing.** There's nothing inherently terrible about an industry being concentrated in the hands of a few companies. The problem is that concentration leads to high prices and closed doors so that no one is open to join the fray. Since we're heading towards this situation in the airline industry, the proposed merger of Delta and American ought to make everyone anxious.

Of course, there are other things Washington could do—like holding back on some cost-of-living adjustments. But beyond the federal response, the private sector must do something about controlling costs. (Incredibly, consumer prices have risen 46 percent since 1979, while producer prices are up 25 percent—proof positive that service costs are way up.)

Fortunately, there is something to be done. Businesses ought to band together to fight hotels, airlines, and other businesses that take advantage of expense accounts.

There is no more potent weapon against inflation than consumer resistance. That is why we were comforted to see a long article by Louis Uchitelle in *The New York Times* on March 31 with this headline: "Rising Prices: Consumers Are Beginning to Balk."

Peter S. Greenberg of the *Los Angeles Times* saw just this kind of anti-inflation tendency in Manhattan.

"Yes," said the clerk at a posh hotel. "We have a room."

"The rate," asked the customer.

"$198."

"Too much," the customer said, walking away.

Eventually the two settled on $119.

—Matthew Cooper for the Editors

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The McNeil/Lehrer News Hour

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The Juice Ain't No Use

Why the death penalty won't work in D.C.

by Jason DeParle

The record-setting murder rate that has gained Washington top network billing has many city residents nervous, and I'm one of them. I frequently walk home late—past midnight—though lately I've been doing so less often and with greater unease. The bars were shutting down for the night a few months ago when my walk home took me past two speeding automobiles, with someone leaning out of the second and firing a gun at the first. It happened so suddenly that my ears kept insisting it was only a backfire, though my eyes, like those of other sidewalk gawkers, knew it was the real thing. Climbing into a taxi the next week, I gave the driver my address, only to have him explain that the corner outside my house had been the scene of a recent murder.

I was flipping the radio dial a few months ago when I caught a talk-show guest who suggested he had the solution to the District's crime problem: executions. The speaker was Gary Hankins of the D.C. Fraternal Order of Police, and he isn't confining his campaign to late-night radio. The F.O.P. has asked the city council to establish a death penalty for those who murder in order to advance another criminal activity—rape, say, or robbery, or (especially) the distribution of drugs. "It's not going to deter people from killing in anger," Hankins conceded. "[But] it will deter, I am convinced that it will deter, people who kill because of an assessment of human life versus profits in illegal activities." Criminals, Hankins said, know that "there is no chance of being executed in the District—none."

While, as a police officer, Hankins no doubt knows more about criminals than I do, the idea that "there is no chance of being executed in the District" is a strange one. After all, there have already been more than 130 murders in the District this year, and about half of them were drug-related—many "execution-style." By contrast, we've had only 107 executions in all of the United States during the past 20 years.

Little hangmen

Not only is the District's privately operated death penalty more prolific than the run-of-the-mill, legislated kind, it's also more swift and sure. No lengthy appeals. No last-minute whining from the ACLU. What's more, the executions take place in full public view, where the death penalty's didactic value is highest. This, after all, is what Hankins and others say they want: "During some of the 19th century here, public executions and hangings were indeed well-attended," Hankins said. "Vendors sold little hangmen, and it was quite a spectacle. And it worked." Now, D.C. residents don't even have to hassle with the crowds to see the corpses; they can just turn on the nightly news.

Oddly enough, though, for all its dispatch, ruthlessness, and visibility, D.C.'s privatized death penalty doesn't seem to be acting as much of a deterrent. Scientifically, of course, this is awfully hard to prove. Lots of people in Washington *haven't* com-

Jason DeParle is an editor of The Washington Monthly.

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mitted a murder during a drug deal this year, and it's entirely possible that some of them haven't done so for fear of reprisal—deterrence. What is clear, however, is that record numbers of people are stealing and dealing drugs, even though the threat of death has never been greater.

Maybe the city's drug dealers and enforcers think themselves invulnerable to the violence all around them. Maybe they think they'll die and don't particularly care. Maybe they care but can't extricate themselves from it. Whichever, it's hard to see how adding a legislative death penalty to the de facto one that rules the streets will induce new rectitude.

As a case in point, consider the short life of Darryl Murchison, who at age 23 was one of the District's more accomplished drug hoodlums. In March, a teenage associate chased him into an alley and executed him with a shotgun. Murchison must have known it was coming. For the past two years, according to Sari Horwitz of *The Washington Post*, he'd been a leader in a drug gang whose battle with a rival operation had left 20 people dead. In 1987, he and 10 other young men were wounded by a spray of gunfire as they walked out of a go-go concert. (One of them died.) Six months later, he was shot again in an attack that killed a close friend as they sat in a car. While Murchison may not have feared the courts—he'd been arrested twice in the past year for selling coke and crack, and released pending trial—he had ample evidence that curbside death threats were credible.

In lobbying for the death penalty, Hankins told the talk-radio host that without it, "these kids. . . know there is no chance that they're gonna burn for what they're doing." On the contrary, had Darryl Murchison and his companions thought much about the future—not one of their favorite pastimes, it seems—they would have surmised that the odds of being burned are pretty high. Supplementing the illegal executions with legal ones might make some of us feel better, but it's not likely to make my walk home any safer. □

The Worst City Government

So far, the contest for the Worst City Government remains a close race between New York City and Washington. Here are three reports from the front:

New York City has a law requiring landlords to install window guards in apartments that house children, and 15 inspectors in the health department's Window Guard Unit ostensibly enforce it. An audit in July found that these inspectors routinely falsify their time sheets. In one week they reported working 142 hours when, in fact, they worked 99 hours—and that was when the auditors were *accompanying* them on their rounds.

In February the U.S. attorney indicted eight employees of the Queens Department of Motor Vehicles in a bribery scheme. Undercover cops paid as much as $1,600 for a driver's license; drugs were an acceptable form of payment. The truly painful part is that the bribers were able to cut to the front of the lines. . . .

—*James Ledbetter*

Mayor Marion Barry claims the District of Columbia's program to combat infant mortality is "the most comprehensive on planet earth." In fact, the District's infant mortality rate is the worst of all major cities in the country. Here's what happens when a pregnant woman on Medicaid calls the District's Medicaid Information Service to find an ob/gyn in the city's largely black Southeast who accepts Medicaid payments: Of the four numbers listed in District files, two are wrong, one is disconnected, and one reaches a doctor who won't take Medicaid. A month after being informed of the problem, Medicaid Information continues to pass out wrong numbers. . . .

—*Katherine Boo*

"Washington, D.C. spends $5,800 a year per student on public education, nearly 50 percent above the national rate. It pays its teachers at the second highest level in the nation, close to a $35,000 a year average. Yet its dropout rate (48 percent) is the worst in the nation and its SAT scores are third from the bottom.

"Washington's streets are among the worst-maintained in the nation. Yet Washington spends 43 percent more than all cities spend on road and street maintenance, and double or triple what is being spent in cities like Chicago, Philadelphia, or Boston. The city government employs 633 city workers for every 10,000 people. The national average for big cities is 224. Even if you accept that D.C. is more like a city-state than a city alone, its payroll level is 43 percent above the average for all state and local governments combined.". . .

—*Warren Brookes*
in The Washington Times

Please send your nominations to:
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The Case Against Ted Koppel

Like most reporters, the king of TV news doesn't understand economics

by Matthew Miller

It's not that circumcision, cremation, and baldness aren't important. Or killer bees, SATs, and cabbage-patch mania. It's not that we don't care whether astroturf or the selling of human organs should be outlawed, or social sanctions leveled against the pushy parents of 12-year-old stars. But did the early 1980s "cat craze" matter that much? And if we want to put Asian cockroaches into perspective, do we really need Ted Koppel's help?

Whether we needed it or not, we got it. Shows on these topics do more than showcase Koppel's well-advertised talent for, as the ABC ad men put it, "tackling the issues that others wouldn't touch." They point to his problem with priorities. Koppel's solid on the Mideast. He's incisive on Central America. He's on top of nuclear arms. But Ted Koppel has a blindspot, and it's one that many top journalists share: he doesn't do economics.

If you'd only been watching "Nightline" since 1981, you wouldn't be too concerned that the national debt had tripled. Gargantuan budget and trade deficits? A rollercoaster dollar? Sinking productivity? Don't look to "Nightline." "Financial stories really bore me," Koppel told *Newsweek* in 1987. "It's a function of my own ignorance."

Matthew Miller is a New York writer. Research assistance for this story was provided by Bill Rademakers, Barbara Frye, and Rosa Kim.

And Koppel hasn't exactly cornered the market on neglectful economics reporting. True, if you like your economics spiced with metaphors from sports or crime, there's no shortage of pieces on budget "showdowns" or S&L "villains." But if you're looking to understand the economic stakes, the pickings are lean: Tom Brokaw announces with a straight face and no elaboration that the U.S. savings rate "soared" last year to 4 percent. Andrea Mitchell says "you can't overstep your bounds" on the Sunday chat shows to get answers on the debt. And Peter Kilborn, an economics correspondent for *The New York Times*, regularly suggests that budget deficits are either going away or don't matter anyway.

Partly it's just ignorance of economics. And apathy. Partly it's the unquestioned norms that govern what "the news" is and how it's reported. The result? While time bombs like the twin deficits and the S&L bankruptcies have ticked away, our leading news sources have been blowing the story.

The MEGO factor

You can't blame anyone for expecting a lot from Ted Koppel. A decade ago he was an obscure State Department correspondent best known for his stint as a house-husband during his wife's first year in law school. Today he's made "Nightline" a media institution. What's refreshing about his ascent is that it's deserved. Koppel's suffer-no-fools demeanor, deft live-TV touch, and ambitious choice of subjects

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make "Nightline" unique. Koppel's intelligence has earned him the kind of plaudits that would be laughable if applied to any other million-dollar-a-year journalist. "I've covered them back to Rusk," Marvin Kalb told *Newsweek* in 1987, "and Ted would be an outstanding secretary of state."

No one's offering him a post at Treasury, however. A quick look at the show's backlist shows why. Koppel's "Nightline" tenure roughly coincides with President Reagan's two terms. While the administration and Congress added $1.6 trillion to our children's IOUs, Koppel devoted exactly six shows out of 1,850 to the topic.

Let that sink in—six out of 1,850. During the same period, the World According to Nightline included eight shows on strange animals and another eight on either fatness or hair loss. It offered nine on Elvis, rock 'n roll, and video. Koppel did scare up about 25 shows on such assorted economic topics as the stock market, takeovers, and specific industries, like cars. But that pales next to what Koppel did on other serious issues: 180 shows on the Middle East, about 70 each on Africa and Central America, and at least 100 on East-West relations.

Apart from pleading ignorance, it's the MEGO factor that Koppel has cited to explain his allergy to economics: My Eyes Glaze Over. Certainly most economists don't allay Koppel's fears. They mouth esoteric terms and include numbers in their sentences. But it's still the journalist's obligation to make things clear and compelling.

The sonnet-like constraints of TV news hardly compose a formula for edification. If that's true for most subjects, it's doubly true for economics. That's why more of the longer segments—like ABC's "American Agenda"—should be devoted to the economy. After all, you don't need a whole five minutes to understand that the crack epidemic is bad. You do to begin to learn why the budget deficit is.

But Koppel, of course, has more time than anyone. No one's asking him to risk "Nightline"'s market share by running a show on the deficit every night (though who doubts that a two-week run on "The Debt: America Over a Barrel" would send the dailies, networks, and politicians scurrying to respond?). But it's not unreasonable to expect a journalist of Koppel's seriousness to invest some of the capital he's amassed on topics critical to our future.

There are other broadcast journalists to whom Koppel could look for ideas. Robert Krulwich of "CBS This Morning" and Paul Solman of "MacNeil-Lehrer News Hour"—both of whom are armed not with a background in economics, by the way, but with energy and curiosity—craft amusing, but not silly, dramas to help the uninitiated understand what all the fuss is about. To explain management buyouts, Krulwich took International Carrot private (represented by the vegetable itself), then literally put the company "on the block" to chop off divisions (like carrot tops and carrot tips) for sale to service the company's debt. With theatrical cost-cutting gusto, he proceeded to shave "expenses" from the remaining core business, leaving him with a lean, mean middle of the carrot to take public again. Solman used plates of sushi to show how the U.S. depends on Japan to finance our budget deficit. With today's computer graphics, the creative possibilities are endless.

> "Financial stories really bore me," Koppel said. "It's a function of my own ignorance."

Koppel himself has, in fact, shown the kind of creativity that makes economics work on TV. In a 1984 program on "Everything You Ever Wanted to Know About the Deficit But Were Afraid to Ask," he began with an American woman who'd gone crazy with her credit cards, and then got Bob Dole to translate her pickle to the national level.

But his touch has not been unerring. Turn to Koppel's post-crash "town meeting," with co-hosts Kermit the Frog and Miss Piggy helping to explain terms like "bull" and "market" and "liquidity."

Koppel: "Good evening, Miss Piggy. It's a delight to have you with us. . . ."

Piggy: "Well, I've been watching out there, waiting for Kermie."

Koppel: "Watching and learning."

Piggy: "Yes."

Kermit: "Yes, you learned all about bull markets and bear markets, right?"

Piggy: "Yes. I understand all about animals, yes. . . ."

Koppel: "Well, what about liquidity?"

Piggy: "Liquidity, tee-tee-tee."

Kermit: "Sure."

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Koppel: "Well, maybe I need something a little closer to home. How are you, Miss Piggy, on the subject of pork bellies?"

Piggy: "Pork bellies! . . .You're lucky you're over there and not here, Koppel. . . ."

Kermit: ". . .sorry about that, Ted."

Koppel: "I guess I should be the one apologizing."

No arguments here.

"Money, fame, and influence without responsibility are the assets of a courtesan," Koppel said in a 1985 speech. "We must accept responsibility for what we do, and we must think occasionally of the future." How does Koppel square such sentiments with his six shows on the deficit in eight years? I wanted to ask him, but Koppel declined to be interviewed for this piece.

Dan Rather's myth

"Nightline" aside, the media *has* increased the quantity and quality of economic coverage in recent years, particularly with the advent of cable. That represents a sea change from the fifties and sixties. When the GNP grew heartily, interest rates were 4 percent, and inflation was what you did to your kid's football, where was the story? "Economics was once the blind date of journalism," says Jeff Greenfield of ABC. "It was better than staying home, but not by much."

The 1970s changed all that. Oil shocks, stagflation, and skyrocketing interest rates made clear that huge international forces were at work that most Americans—and most journalists—knew little about. Business coverage exploded. Many papers—from *The New York Times* on down—devoted new daily sections to it. New publications like *Money*, *Business Month*, and *Manhattan, inc.* subsequently sprang up. So did shows like CNN's "Moneyline" and "Pinnacle," and network offerings like ABC's "Business World" with Sander Vanocur.

The best of these new outlets mimicked the standards of excellence that by the 1980s made *The Wall Street Journal* arguably the best newspaper we have. In tackling complex issues, the *Journal*'s reporters have nearly perfected the art of finding the compelling microcosm and drawing the reader to the big picture from there. The *Journal* was also among those institutions that nurtured a brand of business reporting rarely seen two decades ago: the effort to probe the bureaucratic cultures of businesses for insights that financial analysts can't deduce from paper reports. Leading recent examples of the genre include Jim Lardner's book, *Fast Forward*, which showed how Sony fumbled its VCR market share when its organizational ego alienated rivals whose cooperation was essential to establish Betamax as the industry standard.

Journalists cite these trends to argue that today's economic coverage must be pretty good—after all, it couldn't be worse than the old days, when there were fewer business sections in newspapers and those that were around read like Chamber of Commerce press releases. But it's a mistake to confuse improved coverage of *business* affairs with intelligent coverage of national *economic* issues, like inflation or the budget deficit.

Indeed, there have been countless stories about the deficit, but they're almost always lacking in vital information. Take 1987's post-crash budget summit, which under the peculiar rules of Beltway mathematics purported to "slice" the deficit by $76 billion over two years. Only in Washington, of course, are reductions from hypothetical increases called "cuts." It was clear even at the time that the actual deficit wouldn't be dented at all. (In fact, the deficit rose from $150 billion in FY 1987 to $155 billion in FY 1988 and is projected to come in at $170 billion for FY 1989.) "There wasn't a single reporter on the budget beat that fall who believed what was said," says Carol Cox of the Committee for a Responsible Federal Budget, a Washington group that monitors the budget process.

But the picture—leaders of both parties clasping hands and announcing a "significant" if imperfect deal—was irresistible television. It overwhelmed whatever reservations network correspondents offered. You can bet, for example, that Dan Rather's brief chat with Bill Plante about "the myth and reality" of the deal was too subtle to compete against images invisibly captioned, "Yes, We're Reducing the Deficit." And Tom Brokaw's live interview with Tom Foley was no better.

Brokaw: "Do you think that this was not one of Congress's best moments?"

Foley: "No, on the contrary, I think it was one of Congress's best moments. . . ."

Official winks

Print reporters, meanwhile—though equipped with more space—wouldn't challenge the official view high in their pieces without a vocal group of dissenting officials to lean on. The norms of American journalism say that's just too "editorial." By giving the biggest play to the illusion of action, therefore, the best newspapers acquiesced in the hoax.

The Washington Post's story—appearing next to a big photo of the president and congressional leaders sealing the deal—was headlined "Reagan, Hill Agree to Cut $76 Billion." *The New York Times* similarly wrote, "Agreement Signed to Reduce Deficit $30 Billion in 1988." Both papers were faithful on page one to the bipartisan make-believe,

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MEMO OF THE MONTH

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

February 1, 1989

MEMORANDUM

To: OCLA Staff

From: Deborah J. Graham Debbie
Director of Communications
and Legislative Affairs

Subject: Back to Work

In case someone hasn't noticed, Congress is back in session, the Washington press corps is back to work and we are busy again.

Although most of you seem to have resumed your professional work habits after the recent period of relatively light duty during November, December and January, it appears that some members of this staff think they still are on vacation.

Please keep in mind:

1. Regular office hours are back in effect. You are to be at your desk working at the beginning of the work day. If you're a few minutes late, you will make it up on the other end of the day. Eat breakfast on your own time -- or else eat while you work. Overtime may again be required to complete your work.

2. Personal phone calls should be kept to a minimum. As I have stated before, I'll use my tool kit to disconnect the phones of those who repeatedly engage in personal conversations during business hours. (I'm not stupid -- although I may not have discussed personal calls with you, I know who is abusing the phones.)

3. The next resume I see come off the computer during work hours will be eaten by its author.

4. Schedule annual leave with your job responsibilities in mind. If a project deadline occurs when you will be on leave, complete the project before you go.

Thank you.

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quoting predictably upbeat official remarks about "working together" and sending the world "strong signals."

More substantive doubts were voiced—like Senator Bob Packwood's comment, quoted in the *Times*, that a deficit-reduction package that didn't include COLAs was "a miserable pittance." But it, like most others, was buried after the jump. (A singular exception a few days later was Paul Blustein's page one *Post* analysis, noting high in the story that the deal wouldn't cut the deficit at all.)

But these objections did little to alter the impression created by the main thrust of the "objective" coverage—that something really had been done. For politicians who live and die on page one and the evening news, the lesson was clear: *So long as we agree to tell the same lie, that's the story.*

Al Hunt, Washington bureau chief of *The Wall Street Journal*, says the problem extends beyond coverage of the post-crash summit. "We're culpable like others in getting too immersed in the politics at the expense of the substance," he says.

Senator Ernest F. Hollings says that the press and politicians alike are complicit in playing make-believe. "I'm one of the authors," he says, "and Gramm-Rudman-Hollings is not working. It's a total charade."

Dear Reader,

In our March issue we asked our editors to tell us what was wrong with this magazine. Now we'd like to hear what you think. Please take a few minutes to drop us a note and tell us what you think is wrong–and equally important, what's right–with the magazine. We'd also like to know what it was that first drew you to the magazine, and what has kept you with us over the years.

Sincerely,

Charles Peters
Editor in Chief

The Washington Monthly
1611 Connecticut Ave. NW
Washington, DC 20009

In-the-Red News

There's another knotty problem in covering issues like the deficit—their effects are too long term to permit reporting to be both accurate and sexy. Headlines like "Deficit to Make Real Interest Rates Higher Than They Otherwise Would Be" will never capture interest like "Budget Gap Means Depression Starts Tomorrow." But the deficit's claim on our paltry savings, the upward pressure on interest rates that results, and the effect on the dollar and our trade balance, don't change with the moons. What's *new* (i.e., yesterday's budget mud-slinging) is vastly different from what's *important*.

When it comes to TV, most correspondents ignore this distinction when they discuss the attention they've given the problem. Others point to the occasional in-depth special, rather than the ongoing coverage, in their defense. When I asked Lesley Stahl if she thought she had done a good job communicating the deficit problem to the American people, she brought up a one-hour, prime-time special she did in 1987, "The In The Red Blues." That show was excellent. Let's even say that it was the best show ever done on the deficit anywhere. And then let's even concede that most news organizations can cite a piece or two or ten that they've done that said the right things. The point is that these shows have been consistently swamped by the kind of daily coverage that stresses the political melodrama rather than the economic stakes.

Unfortunately, Koppel and others who bring America much of its news—particularly the political reporters on TV—don't have the grasp of economics that will inspire consistently hard-hitting coverage. (*The Economist*, by contrast, is probably the best example of an organization whose substantive compass makes its reporting on economics consistently reliable.) The cross-section of household names I spoke with all readily admitted economics wasn't exactly their strong suit. ("You sound like you know something about this," one network correspondent asked me. "Why isn't it a problem when Japan and West Germany run deficits that are a similar percentage of their GNP to ours?" Answer: Because their vastly higher savings rates let them finance their government borrowing without pushing up interest rates. "Oh yeah, yeah, that's right," the correspondent said.)

This doesn't mean that we want a phalanx of printout-toting econometrics nerds doing stand-ups on the White House lawn. Nor is it meant to belittle the economics reporters who round out the network staffs. Journalists like Irving R. Levine and Mike Jensen (NBC), Ray Brady (CBS), and Steve

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Aug (ABC) do a good job. But their turf is narrowly defined; you're most likely to see them when a new inflation or unemployment statistic is released. Since so much of politics today *is* about economics, our leading news organizations owe us a first team—including the key producers and editors—that understands how the whole thing works.

The Kilborn genre

The failures don't belong just to television. Turn to the case of Peter Kilborn, an economics correspondent in the Washington bureau of *The New York Times*.

In June 1986, Kilborn claimed that "curious turns" in the economy, including a drop in oil prices, foiled budget deficit declines, which he'd led readers to expect with two page-one features months before. But the only curious turns were in Kilborn's reasoning. In February, Kilborn had explained that "lower oil prices help close the deficit by speeding the economy's growth, which in turn means more jobs and higher profits for business, which in turn imply higher tax revenues for the government."

Fair enough. Now, however, Kilborn argued that lower oil prices and lower inflation instead meant "that businesses and individuals get lower profits and wages than they otherwise would. That, in turn, means that the Government's tax collections are less. . . ."

Which is it?

When I asked Kilborn, he said, "It sounds like you caught me there. That's all I can tell you. I'll bet you can probably catch me on a few other things, too."

As a matter of fact, we can. With the deficit itself still high, Kilborn consistently featured the argument that its insidious effects were in decline, since the deficit was shrinking as a percentage of GNP. But in only one Kilborn piece I've read of this genre, did he explain why the deficit remains a problem: our low savings rate means that government borrowing still keeps real interest rates high.

In January 1987 Kilborn wrote (in another overstated piece on the death of the business cycle) that though you'd expect the deficit to make interest rates soar, the rates were actually "at only half the level they were" in the early eighties. That's true if you were looking at the analytically irrelevant *nominal* rates, which were boosted when inflation was in double digits. But the *Times*'s own statistics a few pages away from Kilborn's article that Sunday showed *real* interest rates at continued highs.

(The "nominal" rate is the one you pay on your mortgage; it includes a premium tacked on by the lender to compensate for inflation. The "real" rate is the actual cost of money, the nominal rate minus inflation.)

Two reporters told me the story of Kilborn at an Office of Management and Budget press briefing.

> "Economics was once the blind date of journalism," said Jeff Greenfield, "It was better than staying home, but not by much."

Joseph Wright, the budget director, was explaining Reagan's final budget, including planned deficit reductions. "We'll get three from this. . . four from this," Wright began, obviously referring to billions of dollars, as anyone fluent in the area would know. Suddenly, a voice interrupted. "That's three *million*?" Kilborn asked sincerely. The room exploded in laughter.

A few days before the October 1987 crash, Kilborn, in a typical piece of overstatement, exaggerated then-Treasury Secretary James Baker's position on the dollar. Baker stated that West Germany's latest interest rate hike was inconsistent with "the spirit of our recent consultations." Kilborn's lead had Baker threatening the Germans with a cheaper dollar in response, as if it were an ultimatum. Kilborn's mischaracterization—which could have encouraged foreigners to dump U.S. stocks and bonds and the Fed to respond by hiking interest rates to defend the dollar—was quite possibly one of the factors that contributed to the market crash.

While most reporters share the Koppel-Kilborn mystification on things economic, one media outlet that deserves special praise for its deficit coverage is the "MacNeil-Lehrer NewsHour." It makes great efforts to explain numbers and abstract relationships, particularly through Paul Solman's creative introductory segments, which often run 10 minutes. But even this program subjects the layman to that last great vice of the journalist's need for conflict: the battle

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of the experts. In print you see it as the propensity to quote. On TV, it's seen in the debate format that's too often considered essential. Several economists told me they've had appearances scratched when no one could be found to disagree with them.

The problem is that the "dueling expert" format invariably makes fringe views look plausible. Take last November's tag-team debate between economists Robert Eisner of Northwestern University and Richard Rahn of the U.S. Chamber of Commerce, and Alice Rivlin of Brookings and Benjamin Friedman of Harvard. Eisner took the opportunity to advance his usual accounting hobby-horse that the deficit is really a surplus.

Isn't there some duty to help the viewer separate the wheat from the chaff? Maybe, but Robert MacNeil thinks doing so would involve editorializing that might hurt the show's long-term credibility. "My current position may carry with it some social irresponsibility," MacNeil says. But he says Jim Lehrer and he realized that "the gland of punditry shriveled up in us much earlier in our careers." That's too easy. (*The Economist*'s credibility doesn't seem to be suffering, and it takes dozens of strong stands—including routine dismissals of the Eisner view.) The pretense that all opinions are created equal only lends incoherence to the show.

Chained links

It's February 17, 1989. You're new to Planet Earth, and you're determined to get a fix on America's trade situation. You're in luck: the final figures have just been released for the full year 1988. On the when-in-Rome theory, you flip to where you've heard "more Americans get their news than anyplace else"—ABC. Ted Koppel is sitting in for Peter Jennings.

"In economic news," he says, "the nation's trade deficit actually grew smaller last year." Sounds good. "The first time that's happened since 1980." Real good. "The deficit was $137.3 billion, down $33 billion from the year before." Wait a minute—that still sounds big. But maybe in American currency those big numbers mean nothing, like those Italian lira you've heard of. Will Koppel explain? No—he's already moved on to a much longer and obviously more important piece on Rock Hudson's homosexual lover.

Thirsty for more than 31 words on the topic, you flip to Tom Brokaw. He announces that "overall" the trade situation is "much better," with the deficit showing "a 20 percent decline from the year before." That does it—they're both so upbeat about things, it must be good news. But it turns out the trade deficit has in fact been on the rise again the preceding few months, and that the improved rate is a whopping four times higher than what was considered a troubling deficit in 1980.

The monthly trade news announcements give us a chance to look at another genre of TV economic coverage: the single statistic story. As economic news goes, networks love them, since they take so little time (and thought) to announce. But they need a frame of reference if they're to mean anything.

My favorite this year was Tom Brokaw's announcement that the savings rate in the United States had "soared" to more than 4 percent—"up a full point!" End of item. How tough would it have been to add that "while this is encouraging, it still leaves our savings rate dramatically below that of Japan, which saves 16 percent of its income, and West Germany, which saves 12 percent?" And while he's at it, why not toss in, "this increase in savings is important, because the more we save, the more money there is available for businesses and government to borrow?" A complex nugget, but surely manageable for a man pulling down more than $1 million a year.

The announcements of trade news, in fact, should be particularly easy for the networks to handle intelligently, since they come with plenty of advance warning. So did last summer's seven-nation economic summit in Toronto. Instead of seeing the four-day news peg as a chance to explain America's economic strengths and weaknesses, the networks conspired in the scripted style of summitry. The narrative line? President Reagan's valedictory turn on the world stage. Nightly segments featured shots of Canadian bagpipes and ornate ceremonies, with even Irving R. Levine turning in a piece for NBC on Reagan's evolution from "Hollywood cowboy" to economic leader. One night, CBS's Bill Plante wasted much of his time detailing security precautions, featuring an exciting discussion of "rooftop sharpshooters and a 10-foot-high chain link fence."

Huge trade imbalances? Unprecedented American debt? Stagnant productivity? Don't look to the networks for clues: "The fact is," reported ABC's Steve Shephard, "economically the seven nations at this summit are doing quite well now and there are not many hot issues to debate here." NBC's Chris Wallace said that not much would happen at the meeting because "big issues like the world economy. . .are already in pretty good shape." And Bill Plante's coda might have been penned by Marlin Fitzwater: the meeting, he said, was "a final opportunity for [President Reagan]. . .to claim credit for the success of his economic policies."

Instead of these segments, the networks could have used the summit to provide an education in economics the way they admirably used Bush's recent trip to Japan or Gorbachev's to Cuba to offer lessons in politics. The Bush trip brought features

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TIDBITS & OUTRAGES

MARILYN QUAYLE COULDN'T TELL THE DIFFERENCE

The Sharper Image sells a mannequin named Gregory that is said to deter crime by its "strong masculine appearance." The item is described as "the ideal companion for single women, night nurses, the elderly, or the handicapped."

"YOU BE SQUEAKY FROMME"

FAO Schwartz is selling a board game called "Save the President" in which some players try to assassinate the chief executive while some try to protect him as he motorcades from the White House to the Capitol. The game's inventor considered naming his product "Shoot the President," and says, "It's a game that parents can use to teach their children. The shooting positions are based on geometrical shapes."

BUT HE'S STILL ALLOWED TO TAKE HIS VICE PRESIDENCY AS AN ENTERTAINMENT EXPENSE

The California tax board disallowed Spiro Agnew's deduction of the $142,500 he paid as restitution for bribes collected while he was the governor of Maryland.

IF THERE'S ONE THING WE WON'T TOLERATE IN THIS DEPARTMENT, JONES, IT'S A SHOW OFF

The Dallas police department dismissed a police officer who killed three people in seven months, after notches were found carved on his pistol.

"AS A LONGTIME ADMIRER OF MR. DEPARLE. . . ."

► A murder victim died with 22 pieces of identification in his wallet. The city classified him as "unidentified" and sent his body off to be cremated. His family found out six months later;
► An 88-year-old boarding home resident collapsed and died while covered with maggots and lice. *Three* different city agencies knew about the condition of the home, but did nothing about it;
► A drug dealer suspected of murder walked out of the courthouse after two clerical errors combined to set him free. When the police caught up with him a month later, he was wanted for four more murders.

—**Jason DeParle**
The Washington Monthly
January, 1989
(Arrived on newsstands December 26, 1988.)

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—**Bob Hepburn**
Toronto Star
January 5, 1989

HOW MANY ATTORNEY GENERALS DOES IT TAKE TO SCREW IN A LIGHT BULB?

The attorney general of Texas, in collaboration with four of his assistant attorney generals, recently handed down a six-page memorandum concluding that cosmetologists are not licensed to shave and trim beards.

THEY'RE ALSO WORKING ON THE CLIFFS NOTES FOR PEE-WEE'S BIG ADVENTURE

Orion Pictures has hired Scholastic Inc. to develop a classroom study plan based on the movie *Bill and Ted's Excellent Adventure.*

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such as serious looks at Japanese education. The Gorbachev visit brought an in-depth look at the legacy of the Cuban revolution. Isn't that airtime better spent than Bill Plante's investigation of a Canadian chain-link fence?

Lavish lifestyles

You'd have to have the current events passion of the Oliver North jury not to know that our S&Ls are screwed up. The first major story of the Bush administration, it's been done in depth, continually, and with rigor. It's a case study in near-perfect coverage—except it's about a half decade too late. "This problem has been brewing for at least six years," says William Isaac, who chaired the Federal Deposit Insurance Corporation from 1981-85. "I wish it had received more media attention at an earlier stage. We might well have averted it."

How did a $100 billion whopper blindside our leading news organizations? As usual, ignorance of economics played a part. "It's very hard for an editor in New York or Chicago to be told by a reporter that we have a big problem in the S&L industry," says one reporter on the beat at a leading paper. "The problem is that the editor doesn't know what an S&L is, or what FSLIC is, or even what the FDIC does."

The warning signs were already in place by the early 1980s. Due to rising interest rates, the industry was caught in a squeeze; it was forced to offer far higher rates to attract deposits than it could earn on its old mortgages. To pay those rates, the industry began investing in ever-riskier ventures, creating a system-wide problem of bad assets in which good money chased bad risks in spiraling amounts. By the mid-eighties, this problem was evident to anyone willing to look.

And for those who weren't, the industry's chief regulator, Edwin Gray, then chairman of the Federal Home Loan Bank Board, tried to make things easy. In an October 1984 speech to the major S&L trade association, he chided the "go-go crowd, the daredevils, the high-fliers. . . ." At least *The Washington Post* had the sense to put Gray's speech—and his threat to rein in the industry—on page one, an especially admirable move since space was tight that day because of Indira Gandhi's assassination. The *Times* ran its report in the business section.

Ignorance buried other important stories. "I remember the first story I wrote that talked about hundreds of insolvent financial institutions," says one reporter. "They [the editors] didn't believe it." So the story, like many that followed, was buried deep in the paper. Other back-of-the-book stories included: Edwin Gray's losing fight in December 1986 over limits on direct thrift investment in riskier real estate ventures (*Times*, D-1). The bank board's April 1987 report that an astonishing one in four S&Ls was unprofitable, and that they had doubled their losses in 1986 (*Post*, D-9). Gray's accusation in the spring of 1987 that the losing institutions he regulated were angling to get taxpayers to pick up the tab (*Post*, E-10).

While an occasional piece—like an October 1986 *Post* editorial attacking the inadequate FSLIC bailout plan—seemed to recognize the stakes, the S&L story mostly remained a business-page item. And naturally, it couldn't radiate enough light back there to catch the eye of the network news. It's no wonder, then, that so many Americans viewed the crisis as a post-election bolt from the blue.

Even now, when the story has exploded, some journalists prefer to hype its sexier criminal aspects. *U.S. News & World Report* in January treated its readers to what the cover claimed was "the shocking, inside account" of the S&L crisis. But the lengthy piece spilled too much ink on the lavish lifestyles and low-down shenanigans of certain S&L buccaneers and shortchanged the inane policies that had induced the crisis and the sane ones needed to cure it.

It's not that there was any shortage of reforms worth exploring. Consider how "brokered" deposits exacerbated the crisis in Texas. Between 1982, when Texas S&Ls were already in financial straits, and 1985, the deposit base at these institutions almost doubled. Much of that increase came from brokered funds—large pools of centrally managed, sophisticated capital understandably seeking the best returns. There's nothing wrong with brokered money. But there is a problem in letting already tottering banks use it for rapid growth.

Why? The S&Ls reward brokered money with very high interest rates because it's a source of instant cash, which strapped institutions, by definition, need. But the S&Ls then feel pressured to generate extra-high returns to cover the extra-high interest they owe, which accelerates the pattern of high-risk lending that got them fouled up in the first place. The FSLIC insurance guarantee encourages this vicious cycle because if the banks' gambles don't pay off, the government will.

Why should these Wall Street operators—who are hardly in Texas to fulfill their dreams of home ownership—be given federal insurance protection? Asking such questions will never be as dramatic as Ted Koppel's rout of Jim and Tammy.

But neither would it be "boring." In fact, wouldn't it be something if Koppel announced henceforth he'll do more economics because it's an important area he knows little about and invited the audience to join him in learning? C'mon Ted—what do you say?□

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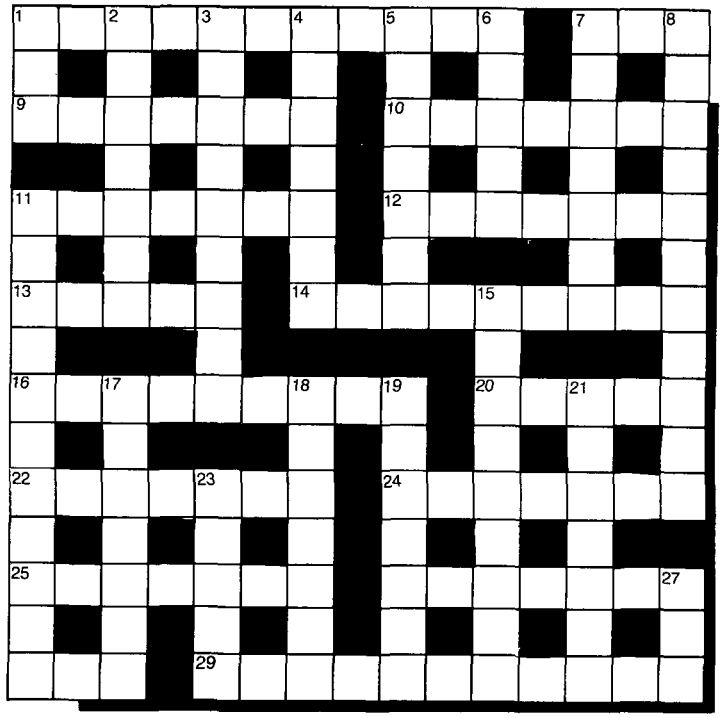
POLITICAL PUZZLE

by John Barclay

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g. USA, are treated as one word.



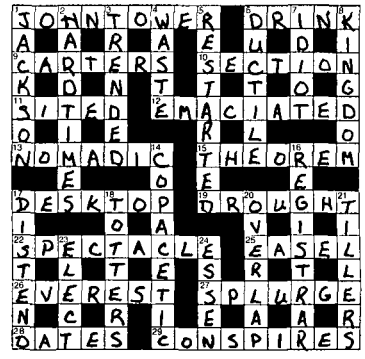
ACROSS

1. Revolutionary cloister fad interpreted. (5,6)
7. Potent lobbying group ran around. (3)
9. Roulette or dressing. (7)
10. Exhausting pig, sun spins after turn. (5,2)
11. Comes back differently on cubes. (7)
12. Timely alternative for 52 after. (5,2)
13. Reversed pronoun in propeller proportion. (5)
14. Child played gory tunes. (9)
16. Both bed in the afternoon developing weapon. (5,4)
20. Somehow naif about start of revolution below. (5)
22. Next Eastern revolution. (7)
24. Hail one awkwardly behind the 8-ball. (2,1,4)
25. Chopped tea bale for food. (7)
26. Silly cameras in inexhaustible supply. (7)
28. Government agency regulating fine liquor? (3)
29. Protest Treasury rate following imps. (11)

DOWN

1. Low-grade physician preceding HST? (3)
2. Stir putrid sulphur mixture. (7)
3. Primitive garment thrown onto chill. (9)
4. Men stay around for relief. (7)
5. Canadian leader is coarse in Greek letter. (7)
6. Victory in move up for balance due. (5)
7. Marxist approach to opera? (5,2)
8. Seemly activity for legislature? (11)
11. Country revelers rebrand cans in new way. (11)
15. When you style it sugar, it is also musician. (9)
17. Modern material—clasp it loosely. (7)
18. Best Scotty at his game? (7)
19. Foreign country object in cranium. (7)
21. Novel idol far to the south. (7)
23. Went down like the end of ducks' feet. (5)
27. Pig's or private. (3)

Answers to last month's puzzle:



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A TALE OF TWO HIPPIES

They once apologized for communist atrocities. Now they apologize for anticommunist atrocities.

by Hendrik Hertzberg

No political stereotype is more banal than the youthful radical who turns reactionary in middle age. What Peter Collier and (especially) David Horowitz bring to this tired genre is an unusually vigorous strain of arrogance. The result is a book* that is almost, but not quite, as gruesomely fascinating as it is despicable.

Collier and Horowitz—or rather Horowitz and Collier, since Horowitz, though the less graceful writer of the pair, is obviously the dominant partner—are products of a small but influential section of the massive political uprising of the 1960s. From the Berkeley Free Speech Movement of 1964, they moved through civil rights activism to the pro-Hanoi branch of the anti-Vietnam war movement and from there to *Ramparts*, which they coedited during its extremist "revolutionary" decline, from 1969 until the magazine folded in 1973. When the New Left's disintegration accelerated during the mid-seventies, they gradually drifted away from it to write best-selling dynastic biographies of the Rockefeller and Kennedy families, though they continued to think of themselves as part of "the Left" until well into the present decade. In 1985 they created a minor stir in Washington with an article entitled "Lefties for Reagan" in the *Post*'s Sunday magazine. And now the present volume, a full selection of the Conservative Book Club.

In *Destructive Generation*, Horowitz and Collier are a good deal harder on their former comrades than they are on themselves—their tone is accusatory, not confessional—but from incidental remarks, offhand admissions, and, above all, from their attacks on people whose actions and beliefs at the time were identical to their own, one can piece together a bill of particulars. During their radical years Horowitz and Collier, according to Horowitz and Collier, were guilty of treason. They were motivated "not by altruism and love but nihilism and hate"—specifically, hatred for their country, their parents, themselves, God, and all humanity. They were willfully blind to the nature of communist totalitarianism and eagerly embraced its Third World variants. As journalists, they knowingly suppressed and distorted facts that were inconvenient to their political views. Finally, they were guilty of being accessories to murder before and after the fact—not only the faraway murders of nameless Vietnamese and Cambodians after the communist victory they ardently supported but also, and more chillingly, the murders of Bay Area neighbors and coworkers killed by members of the Black Panther party, for whom they stored guns, hid fugitives, and, of course, made excuses.

People change their views as they go through life. There is nothing wrong with trying to learn from past mistakes. But in the case of Horowitz and Collier the question naturally arises: given their quite recent history as traitors, liars, and fools, why do they now consider themselves entitled to lecture the rest of us on political morality, patriotism, and the world situation—and to do it with such unremitting self-righteousness and without the slightest trace of humility?

Witless polemics

Horowitz's and Collier's strategy for avoiding personal responsibility is to conflate the clique of Berkeley radicals of which they were the Rosencrantz and Guildenstern, with, successively, "the Left," the antiwar movement, the sixties generation, and finally with everybody to the left of Jim Wright. Contemporary liberal Democrats are variously dismissed as tools of "neo-Communists," "fifth columnists," and "a Left that works in behalf of America's totalitarian enemies and whose influence grows unimpeded." Horowitz and Collier are full of scorn for their moral betters. Michael Walzer, the political philospher, for example, is attacked for sharing with unnamed "splinter groups, special interest organizations, and newly minted 'minorities'" a belief that "America" is "guilty and untrustworthy." A figure like Walzer is a special embar-

Hendrik Hertzberg is a senior editor of The New Republic.

* *Destructive Generation: Second Thoughts About the '60s.* Peter Collier, David Horowitz. *Summit, $19.95.*

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rassment to these two, because he is a reminder that when they were paying court to Ho Chi Minh, Fidel Castro, and Huey P. Newton, there existed a liberal and even a socialist Left in this country that opposed the Vietnam war without ever giving itself over to contempt for democracy or "hatred of America."

Not all of *Destructive Generation* is without merit. The first third of it consists of three fine pieces of narrative reporting: one about a radical Berkeley lawyer whose life was finally destroyed by the violent "revolutionary" prisoners she tried to help, one about the Weathermen and their descent into madness and criminality, and one about a pair of Vietnam combat buddies whose paths again cross when they become respectively a drug dealer and a cop. These stories are so superior to the witless polemics that occupy the rest of the book that they create a certain amount of mystery as to how they could have been written by the same authors. Horowitz offers a possible clue when he notes toward the end of the book that the three articles were written several years ago, when "we still considered ourselves part of the left community, even if we had moved away from left orthodoxy."

The nuance and empathy that mark these reports are wholly absent in the polemics. Instead we find loony manichaeanism:

"It is often observed that a symmetry exists between the extreme ends of the political spectrum, that the fanatics of the Right are mirror images of the zealots on the Left. But once we leave the extremes, there is this tangible difference: the Right seeks to conserve (and the Left to undermine) workaday democracy; the Left seeks to defend (and the Right to defeat) the destructive fantasy of a heaven on earth."

Remember, these are *moderates* our authors are talking about. Or consider this, which Horowitz and Collier proudly quote from their "Lefties for Reagan" article:

"[Casting] our ballots for Reagan was a way of finally saying goodbye to all that—to the self-aggrandizing romance with corrupt Third Worldism; to the casual indulgence of Soviet totalitarianism;

THE WASHINGTON MONTHLY Journalism Award

for February 1989 is presented to

USA Today

In a rare week-long, full-length series, the paper carefully explained the S&L crisis in an understandable form. By reporting the financial status of each of the nation's 3,046 S&Ls, the paper performed a great public service.

Michelle Gillin
Sy Pearlman
NBC News

Gillin's and Pearlman's report focuses on the 250 people who are killed every year and the thousands who are injured as a result of police chases. Police officers have caused more injuries and more deaths with their vehicles than with their side arms. Most of those chases are for minor traffic incidents. Nineteen-year-old Desiree LeCrosse was killed by a man being pursued by Seaside Heights, New Jersey police. He had refused to stop for a warning about his broken light.

John N. Diamond
James H. Bisson
Maine Public Broadcasting Network

This report showed how many Maine legislators actually serve on the payrolls of lobbies while in office. The chairman of the legislature's education committee, for instance, earned $10,000 as a consultant to the Maine Teachers Association.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation.

The award for stories published or aired in March will be announced in the June issue. Nominations for stories published or aired in April will close May 15. The winner will be announced in the July/August issue. Two copies of the article or broadcast text should accompany the nomination.

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to the hypocritical and self-dramatizing anti-Americanism which is the New Left's bequest to mainstream politics."

It's hard to imagine anything more "self-dramatizing" than this absurd view of the issues in the 1984 election, in which, recall, the Democratic candidate was Walter Mondale, not Angela Davis. But then, in the eighties, as in the sixties, it's never enough for these guys simply to have an opinion that disagrees with other people's opinions. If Horowitz and Collier are voting Republican this year, it can't be because the Democrats' fiscal policies are wrongheaded or their defense policies inadequate; the Democrats have to be prototalitarian and anti-American. Twenty years ago these two thought liberals were enemies of the people. Now they think liberals are enemies of democracy. Twenty years ago they were uncritical supporters of communist jungle fighters who trampled on human rights. Now they're uncritical supporters of anticommunist jungle fighters who trample on human rights. Is there an echo in here?

Mariachi mistakes

Finally, in the one instance I independently checked, Horowitz and Collier get facts wrong. They report that the historian Ronald Radosh overheard a conversation in a Managua hotel restaurant between Alejandro Bendana, a Sandinista official, and two Americans, William Leogrande and Robert Borosage. According to Horowitz and Collier, Radosh heard Leogrande and Borosage advising Bendana about how to handle various U.S. publications, discussing with him the "reliability" of various figures on the American Left, and "telling Bendana who was 'with us' and who was 'against us'" among American liberals.

Curious about this, I called Radosh. He confirmed the overall chumminess of the conversation but said Horowitz and Collier had gotten a detail wrong. It was Bendana, not Leogrande and Borosage, who referred to the Sandinistas as "us." (In addition, Radosh told me he had difficulty hearing Leogrande and Borosage, because their backs were to him and a mariachi band was playing loudly.) How important one finds this distortion is a matter of judgment. I judge that it's pretty important.

For Horowitz and Collier, politics remains in the eighties what it was in the sixties, a persistently onanistic form of cathartic confrontation therapy which, like the dreams analysands present to their doctors, draws material from the outer world but arranges and distorts it in accordance with private needs. In *Destructive Generation* they leave no doubt that 20 years ago they were arrogant, mendacious know-it-alls who trafficked in hysterical hyperbole and diabolized those who disagreed with them. They haven't lost their touch. □

THE WINDS OF WAR

John Mueller says we shouldn't worry about major wars anymore. Don't be too sure.

by Charles William Maynes

What if the Cold War is over? What if war itself is being abandoned by all major powers as an instrument of policy?

This is the thesis of Mueller's provocative book.* Its implications are profound not only for America's foreign policies but also for its domestic politics.

Mueller's thesis, in brief, is the following: Woodrow Wilson would have been right except for one man—Adolf Hitler. World War I would have been the war to end all wars except that a fanatic took over Germany and forced the world to relearn a lesson World War I had already taught: modern war has no rational purpose because the level of violence attained far exceeds any benefit obtained.

Most strategists would join Mueller in at least conceding that nuclear war is not rational. But Mueller goes further than most strategists by arguing that the memory of World Wars I and II is enough to convince officials of major countries that war is now irrational. In addition, governments have another reason to eschew war: nation states now seek economic prosperity more than political power. Japan is the state others wish to emulate, not the United States or the Soviet Union.

Mueller's thesis will gain greater credibility with most readers if he can demonstrate that the communist threat, either from the Soviet Union or

Charles William Maynes is the editor of Foreign Policy.

* *Retreat From Doomsday: The Obsolescence of Major War.* John Mueller. *Basic Books, $20.95.*

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China, is over. He is willing to concede that while Stalin lived a "lunatic war was certainly conceivable." But he contends that since 1953 there has never been a real threat of war between the Soviet Union and the United States. To some, the Cuban Missile Crisis might seem the exception. John Kennedy believed that the chances of war were then one in three or one in two. But new revelations have documented that Kennedy was prepared, if necessary, to make major concessions to avoid war. And Mueller approvingly quotes recent studies suggesting that the odds of going to war even in that supreme crisis were "close to zero."

Whatever the actual threat at the time, the Cuban Missile Crisis discredited "crisis as a methodology." Neither in the Kremlin nor in the White House have officials since been anxious to push the world to the precipice. Jimmy Carter's response to the Soviet invasion of Afghanistan or Mikhail Gorbachev's answer to the presence of the U.S. fleet in the Persian Gulf offers eloquent proof of this point. The former canceled U.S. participation in the 1980 Olympics and imposed the grain embargo, while the latter proposed a U.N. naval peacekeeping force to replace the Americans. In both cases the response was decidedly nonthreatening.

What about China? In Mueller's view American military intervention in Vietnam may have played a role in warding off a more direct and more serious military contest with China. When the Johnson administration dramatically escalated U.S. involvement in the war, the two great powers of the region—China and Indonesia—were extremely hostile to the United States and were pursuing parallel policies. But shortly after American troops arrived in Vietnam, the rationale for their presence ended. A communist coup in Indonesia failed spectacularly. The army counterattacked and murdered hundreds of thousands of communist party members, effectively eliminating the communist party as a political force in Indonesia. Then China plunged into the Cultural Revolution and ceased to be a significant presence on the international stage for several years.

So an attractive future unfolds. Absorbing the experience of two world wars, the major states rule out war as a realistic option. Frightened by the Cuban Missile Crisis, the United States and the Soviet Union rule out nuclear confrontation. Dazed by the insanity of the Cultural Revolution and sobered by U.S. steadfastness in Vietnam, China abandons the Cold War. Engrossed in *glasnost* and *perestroika*, the Soviet Union, too, finally leaves it behind. The smaller states copy the more pacific attitudes of the great powers, just as they copy their development patterns. In time, major wars cease.

Boers and neocons

Is the argument convincing?

In its central thesis the book is correct: attitudes toward war have changed. At the turn of this century Theodore Roosevelt could delight his sister with descriptions of shooting a Spanish officer in Cuba and watching him double over "like a jackrabbit." Virtually no one feels that way after the experience of the two world wars.

Many in the United States who lament this trend against war blame television for reducing the nation's will to fight by bringing the carnage into the nation's living rooms through direct broadcasts. But Mueller is right in pointing out that the attitudes that the bellicose denounce developed long before television existed. The British had difficulty sustaining popular support for the Boer War at the turn of the century. Robert Sherwood called World War II "the first war in American history in which the general disillusionment preceded the firing of the first shot." The French people turned against the effort to maintain Vietnam as a colony. In none of these cases can one attribute the change in attitudes to the influence of television.

Certainly anyone, like the reviewer, who has lived for a period in the Soviet Union can attest that the popular fear of war there is pervasive.

Nevertheless, the peace movement would be ill-advised to fold up its tents and declare victory, for

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there are a number of countertrends to be considered. Although few leaders in the United States approach war with the enthusiasm of Theodore Roosevelt, many in the establishment Right do not view World War I or World War II as negative experiences. As the neoconservative editors of *The National Interest* stated in 1985 in their premier issue (with Henry Kissinger on their editorial board), "The efficacy of military power in the conduct of foreign policy remains undiminished."

Mueller's own treatment of the role of Hitler or the Japanese military elite in bringing on World War II should give him pause in this regard. By his thesis they alone drove the globe into World War II. There could not be more powerful evidence of the influence that individuals can have on the course of history. No one of any influence in America resembles such evil actors, but many American conservatives are not as convinced as Mueller that major wars are impossible or in some circumstances even undesirable.

Another troubling possibility is that technology may deprive leaders of the time to be rational or the ability to remain in control. The Soviet Union was concerned about the Pershing II missile because of the short flight time to Soviet soil. With improved accuracy and reliability, Soviet submarines cruising off America's coast are in a position to launch a decapitating strike. One reason Ronald Reagan's vision of a space defense has seemed so dangerous is that any space weapon capable of destroying a rocket in its boost phase would also be capable of launching a surprise attack on an unprepared enemy. If this technology were developed, U.S. and Soviet leaders would live in a paranoid world where each might fear attack at any moment. The possibility of an accidental war under those conditions could increase immeasurably, even though Mueller is probably right in contending that a review of the historical record reveals no major war occurring by accident. Perhaps technology is changing history.

Finally, there are areas of the world where war over resources or religion could still take place, drawing in the major powers. The Middle East is one; Central America may be another.

These criticisms aside, this is an important book. For decades conservatives and liberals have disputed whether Hobbes was right about man's nature, with conservatives usually able to point to the last war to prove that mankind was incapable of improving. Meanwhile, as Mueller documents, the power of a liberal idea—the impermissibility of war—has been gaining strength. Indeed, it has gained so much strength in recent years that, for the first time since Yalta, the advantage that conservatives have enjoyed in discussing foreign policy before the electorate may be coming to an end. □

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BAR WARS

Richard Posner, radical feminists, Charles Dickens, and the fight over legal theory

by Garrett Epps

After 15 years as a novelist and journalist, I entered law school last year. Six weeks into my criminal law course, I dreamed the exam question was: "Assess the criminal liability of the major characters in Shakespeare's *Macbeth*, and suggest possible defenses their lawyers might advance at their trials."

I set to work. Could Macbeth argue that he had "reasonably relied" on the prophecies of the Weird Sisters? Couldn't Lady Macbeth's erratic behavior form the basis for a defense of insanity, or at least diminished capacity? The analysis continued until I awoke in a cold sweat.

In the legal academy of the eighties, that exam question is not as farfetched as it might seem. Big-time Lit Crit, in all its quarrelsome glory, has hit the law schools. Called "law and literature," the literary school of law is just one of many intellectual factions contending for supremacy in legal academe today. In fact, seldom before in its history has legal education been such a battleground of competing academic ideologies. Each one has subtleties and internal disagreements; but the striking thing about each of them is that, in their most extreme forms, they all more or less explicitly argue that law—both as an academic discipline and as a social institution—has no identity independent of some other intellectual system.

The "law and economics" movement insists that law *is* (or should be) economics and nothing else. Adherents of "Critical Legal Studies" argue that law is a cover for society's hierarchical structure; hard-line legal feminists dismiss law as patriarchal mystification; and "law and literature" advocates use semiotics and deconstruction to argue that legal rules are incoherent rhetoric.

Judge Richard Posner of the U.S. Court of Appeals for the Seventh Circuit is a leading light of the "law and economics" movement and a potential Republican appointee to the Supreme Court. His book* is intended as a superweapon in this battle of the sects. It also offers a chance to look at what is happening to legal theory—a disturbing phenomenon that Yale's Owen Fiss has dubbed "the death of the law."

Garrett Epps is a former fiction editor of The Washington Monthly, *a former reporter for* The Washington Post, *and the author of two novels. He is currently a first-year student at Duke Law School.*

* *Law and Literature: A Misunderstood Relation.* Richard Posner. *Harvard University Press, $25.00.*

The bottom line

Before he was appointed to the bench in 1981, Posner's academic writing argued that judges should focus only on maximizing the wealth of society as a whole. Fairness and justice are meaningless jargon ("I hate justice," Posner once said, paraphrasing Oliver Wendell Holmes); efficiency is the only thing that matters.

How would this theory—and its academic competitors—play out in an actual case? Let's imagine that a federal prison inmate injures his eye. After a series of medical treatments (some applied mistakenly to his good eye), he ends up blind. The prisoner seeks court-appointed counsel to pursue a lawsuit against the prison doctors who, he says, did not properly treat him.

No federal statute requires appointment of counsel in such cases; nor has the Supreme Court interpreted the Constitution to *require* appointment of a lawyer in this type of civil case, though appointment is within the discretion of the court. An appellate judge reviewing the prisoner's motion would have to make a complex judgment about the meaning of some phrases in Supreme Court cases (a prisoner has a right to "meaningful access" to courts, for example) and of some court-ordered standards (whether the prisoner's case is "colorable," or legally plausible, and so on).

A judge influenced by Critical Legal Studies might ask in what ways these rules embody and reinforce social hierarchies. One kind of "law and literature" theorist might "deconstruct" the Supreme Court's phrases to "unpack" their meaning in this context; another might use his or her knowledge of fictional depictions of captivity to imagine the prisoner's situation. A legal feminist might try to reinterpret the problem as one not of rules but of relationships.

But a "law and economics" judge might sweep all of this aside and rule that the case should pass "the test of the market." If the prisoner cannot attract a lawyer willing to work for a contingent fee, then "the natural inference is that he does not have a good case."

In fact, I am talking about a real case, *Merritt v. Faulkner*, decided in 1983 by the court on which Judge Posner sits. The three-judge panel ruled that

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the inmate was entitled to counsel; in a widely criticized dissent, Posner made the argument cited above. One of his fellow judges responded, "I am not prepared to consign to the verdict of the marketplace the issue of prisoner representation; and this is, of course, not the law."

The illustration shows us some important things about legal ideology in general, and about "law and economics" in particular.

First, "law and economics" encourages judges to make large—and sometimes indefensible—assumptions about the world. The plaintiff in *Merritt* was blind and locked in a steel cage; nonetheless, with true "assume-a-can-opener" insouciance, Posner postulated an all-knowing, almost magical market that would learn of his claim and make an intelligent determination about it.

Second, there is a faintly heartless air about "law and economics." Issues that may appear to be of transcendent moral importance are revealed to be a matter of the bottom line. The prisoner's blindness imparted to the case a "pathetic aura," Posner wrote, but was otherwise irrelevant to the case.

And last, among all the schools of thought, "law and economics" is the only one that is having a major, direct, contemporary impact on the law as it is decided. No left-wing "crits" or radical feminists are being named to the federal bench today, or are likely to be for quite a while. But Posner, his seventh circuit colleague Frank Easterbrook, and other Reagan appointees to the bench and to regulatory agencies, are applying conservative economic analysis to the law with a sometimes disturbing eagerness.

It may be apparent from my tone that I disagree with Judge Posner's style of law. But rigorous economic thought, liberal and conservative, has let fresh air into the dusty attic of Anglo-American tort law, blowing away some of the formalism and self-righteousness that had built up over centuries. As for Posner himself, he is brilliant, persuasive, and unbelievably energetic; having reshaped private law, he is now reaching out for new fields to conquer.

Bleak House

Law and Literature can best be seen as a preemptive strike against an invasion of Posner's intellectual turf. The book was inspired, at least in part, by an article in which Robin West, a feminist professor now at the University of Maryland, disputed Posner's assumption that individuals who are not coerced act "rationally" within a system to maximize their own satisfaction and profit. As a counterexample, West cited Joseph K., the protagonist of *The Trial*, and other Kafka characters who cooperate in their own destruction out of fear of authority and a kind of delight in humiliation.

Posner attempts to refute West by insisting that Kafka's novel is not "about" law but only about the author's own mental state. The distinction is hard to maintain. Kafka was a lawyer, after all, and even his mental state tells us something "about" the law; and besides, books are not "about" only one thing. Whatever else it may be, *The Trial* is a book about law as well. But mostly Posner tries to rule West's argument inadmissible; the heart of *Law and Literature* is the argument that literature and literary discourse, while perhaps legitimate in a small way, cannot be permitted to threaten the primacy of economic thought in the law.

Economic theory, Posner says, shouldn't just guide legal thinking in overtly commercial areas like antitrust or economic regulation; "economists and economics-minded lawyers can explain much nonmarket as well as market behavior, including behavior of litigants, criminals, prosecutors, judges, accident victims, and other persons involved in or affected by such legal institutions as criminal law, property law, tort law, and criminal procedure."

Note that he does not say "help to explain," but "explain." The idea that economics is the most important tool for accounting for, say, rape seems surprising; so does the idea that great works of literature provide no useful insight into the same issues.

For example, here's how Posner dismisses *Bleak House*, the greatest legal novel ever written: "Someone who wants to learn about the nineteenth-century English chancery court is not likely to spend much time on *Bleak House*, because there are fuller and soberer sources of data."

But would all those sources together reveal as much about the Chancery, or about law in Dickens's time and ours, as this one paragraph of *Bleak House*?

"This is the Court of Chancery; which has its decaying houses and its blighted lands in every shire; which has its worn-out lunatic in every madhouse, and its dead in every churchyard; which has its ruined suitor, with his slipshod heels and threadbare dress, borrowing and begging through the round of every man's acquaintance; which gives to monied might the means abundantly of wearying out the right; which so exhausts finances, patience, courage, hope; so overthrows the brain and breaks the heart; that there is not an honorable man among its practitioners who would not give—who does not give—the warning, 'Suffer any wrong that can be done you, rather than come here!'"

Larry Tribe's limo

The U.S. Supreme Court has used *Bleak House* as evidence for the proposition that "Due to sloth, inattention, or desire to seize tactical advantage, lawyers have long indulged in dilatory practices." The opinion citing Dickens, *Roadway Express Inc.*

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v. Piper, was written by Justice Lewis Powell, who retired in 1987. Powell belonged to an older generation of jurists, now passing from the scene, who believed in law as an autonomous discipline, a kind of humane science that drew not only—or even primarily—on economic thought but on literature, history, and moral philosophy as well.

Lawyers of that generation could still aspire to a career combining courtroom work, corporate practice, family law, criminal defense, and even teaching; they were, in a way, the last recognized generalists in society. That generation was also one of the most successful in the history of American law; and I pick Powell as its exemplar advisedly.

A Virginia blue-blood, Powell practiced with a silk-stocking firm, headed the stuffy American Bar Association, and was named to the bench by Richard Nixon as part of the GOP's "Southern strategy." He was neither a liberal nor a strong advocate of civil rights; indeed, as a prospective judge, he seemed to embody left-wing criticism of the American legal profession as the handmaiden of power and privilege.

But on the bench, Powell was conservative, but also independent-minded, nonideological, and humane. One doesn't need to agree with all or even most of his opinions to see that he was trying conscientiously to interpret something called *the law*—something he believed to have an existence and a moral force independent of his own political opinions.

There aren't many Lewis Powells rising to the bench these days. Ronald Reagan and Ed Meese, of course, saw to that; but there's another reason. The profession has changed. Major law firms today are highly specialized bureaucracies, and young lawyers are searching less for a general career than for a profitable specialty. With 2,500- or 3,000-billable-hour minimums to meet and $40,000 student loans to pay off, they don't have time for Dickens.

Today's law schools both reflect and intensify those changes. *Law and Literature* is a symptom of the state of academic legal theory and of its influence on the bench: the humane, general perspective is increasingly giving way to a narrow, rigid, and highly ideological specialization. Far more than they were a generation ago, law schools and their faculties are creatures, not of the courtroom, but of the academic sensibility.

In the past 20 years, as well, the gulf between the practicing bar and the academy has widened. For one thing, law schools can no longer afford to hire lawyers who have been in private practice very long; salaries on campus can't keep up with those at big firms, where 25-year-old associates routinely start at $60,000 and up. The popular image of the law professor maintaining a lucrative practice on the side—Larry Tribe arriving at the Supreme Court in a limo to represent Pennzoil, or Alan Dershowitz championing socialite Claus von Bulow—is an exception; professors below the very top must be concerned with law-journal articles, not briefs, if they want academic tenure and promotion; and the law journals more and more want theory.

Fits and starts

Law schools once maintained another tie to the world of practice—"clinical" programs that taught students about law by giving them real clients to represent. Clinics are expensive and vaguely left-wing. Many major law schools have pruned them into insignificance or abolished them altogether.

Not every law teacher needs to be a former practitioner, and some of the old ways of teaching and writing about law were sterile and meaningless. But a close connection between classroom and bar kept legal academics focused on the practical consequences of what they taught. Legal education, in theory at least, prepares its students to *do* something—and something important at that. Now law schools, like most graduate schools, are beginning to float free of the off-campus world altogether, sailing off into the blue sky of deconstruction, the Coase theorem, patriarchy, and Roberto Mangaibeira Unger.

One doesn't need to be a legal mossback to regret some of the effects of this trend. Law study is enriched by the study of economics, literature, history, political science, and other academic specialties. But no other discipline can replace a belief in the law itself, and society is shortchanged by the attempt.

The function of law, as many have rightly argued, is to fashion a public morality—a way of resolving contentious issues like integration, executive power, abortion, womens' rights, and church-state relations without resorting to the naked ability of the powerful to impose their will.

For many of us who remember the segregated, semitotalitarian South of the 1950s and before, the archetypal example is the revolution wrought by *Brown v. Board of Education*. Southern district judges, most of them no more racially enlightened than their neighbors, slowly became forces for change because "the law" said change had to come. Slowly, with many fits and starts, the courts and the civil rights movement forced an entire region to dismantle a tidy and efficient racial dictatorship.

In these days of Japan envy, it's customary to complain about the distorting effect American legalism has on private transactions. Fair enough. But let's not forget that *public* law has served its function surprisingly well over the past half-century. *Law and Literature* is one more sign that the next 50 years may see a change for the worse. □

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POLITICAL BOOKNOTES

Larry Bird: The Making of an American Sports Legend. Daniel Levine. *McGraw-Hill, $17.95.* Red Auerbach had this way of turning racial prejudice to his advantage.

In the fifties, when another team balked at drafting a black player, the wily Boston Celtics chief got himself Bill Russell and a dynasty. Twenty-two years later, after racial stereotypes had come full circle, Auerbach drafted a slow white guy named Larry Bird. Three more championship banners now hang from the Boston Garden's already crowded rafters.

For all of Bird's prowess, there has hovered over his career a cloud of racial suspicion. When he entered the NBA in the late seventies, fan interest was declining, and many team owners thought the reason was a lack of white stars—or players, for that matter. Through no fault of his own, Bird became the Great White Hope.

Though he has more than proved his mettle, some blacks think Bird has gotten more than his share of glory. In Spike Lee's movie, *She's Gotta Have It*, a Larry Bird put-down line is a black in-joke. Isiah Thomas, the Detroit Pistons star, exclaimed in a moment of pique that were Bird black, he'd be considered just another good player. (Bird had just stolen a Thomas pass for a last-second playoff win.)

Churlish as it was, Thomas did give voice to something many had mused upon but had kept to themselves. TV commentators made matters worse, constantly noting Bird's "knowledge of the game" and his spartan practice regime. It all fed the notion that black players get by on raw physical ability, while whites prevail through brains and work. It was no accident that Jimmy "The Greek" Snyder, in his much-publicized comments on the physical superiority of black athletes, singled out basketball players.

There is a great irony here. In breaking basketball's reverse color line—a number of bona fide white stars have entered the league since—Bird was refuting these racial stereotypes rather than confirming them. Yes, Bird is slow. And, as he freely acknowledges, he's afflicted with what is called in basketball circles "White Man's Disease" (i.e., he can't jump either).

But an unauthorized biography of Bird by Daniel Levine, a freelance writer, reveals that Bird shares something more basic with many of his black counterparts in the NBA: a background of poverty and family disruption. In so doing, he reminds us that blacks dominate the NBA today for pretty much the same reason that tough white kids with names like Heinsohn and Cousy dominated it 30 years ago. They grew up in circumstances in which sports can easily seem the only route of escape.

Bird grew up in a part of southern Indiana known simply as "The Valley," in the adjoining towns of West Baden and French Lick. Once French Lick was a thriving resort. Joe Louis trained there, and millionaires kept their private railroad cars on a siding by the hotel. Today, the Valley has been described as a "horizontal housing project." There's a piano factory, a gypsum plant, the hotel. And of course, basketball.

Indiana's basketball culture is every bit as rabid as that of inner-city playgrounds. Bird's home life made the court seem especially inviting. His father was an alcoholic who once squandered a house down-payment at a local bar. He eventually shot himself, while talking to Bird's mother on the telephone. The family was so poor that relatives would come by with food for the refrigerator. Bird's mother worked two jobs, and Bird lived with his grandmother for long stretches. Lacking supervision, he'd be out on the basketball court until the wee hours of the morning, like the black kids at 11th and Rhode Island in Washington's Shaw neighborhood.

"With little at home, and no car or diversions," Levine writes, "basketball became the sum of his existence." (Significantly for Bird's later endeavors, race relations in the Valley

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were relatively benign. The resort attracted black employees, and many became respected members of the community. Bird himself has a cousin who is half black.)

Also like many inner-city kids, Bird's early course was erratic. He got a much-coveted scholarship to play for Bobby Knight, the coach at Indiana University, but dropped out after less than a month. He drove a garbage truck for a while, enrolled at Indiana State, and sired a child to a woman he had already divorced. Bird's stardom easily might not have been. Today, Bird plays with uncommon confidence and a steely, defiant swagger. It is not hard to see why.

Levine tells the story straight, without hagiography or violins. It is no small feat, considering Bird's refusal to cooperate. Like many sports stars today, Bird decided to cash in on his own life story, rather than let some sportswriter do it. So he's producing his own book, with Bob Ryan, the respected basketball writer for *The Boston Globe*. (Coincidentally or not, the *Globe* has ignored Levine's book, a fact the rival *Herald* has noted.)

Levine's one lapse is his psychologizing. "Yet for all of basketball's therapeutic value," he writes, hitting stride, "it was less of a cathartic exercise than an imperfect act of sublimation." Such statements reduce an inspiring story of a tough country kid to the cloying prose of a guidance report from an exclusive Manhattan preschool. I doubt that I'd cooperate with someone who'd write about me that way. Yet in the end, these lapses are not fatal. And in telling the story Bird has never told about himself—he's an intensely private man—Levine has made him larger.

As Levine shows, there is much more to Bird's fan appeal than his whiteness. He's got an Uncle Eephus mug, and a body with which weekend players, black as well as white, can identify. He's a total team player, yet his swagger is extraordinary. Before an All-Star shooting contest, he sauntered into the locker room wondering aloud who would come in second. Like Ted Williams, another Boston sports legend, he has a contrary streak. He once showed up for an awards ceremony in a bowling shirt. After the Celtics won the NBA championship in 1984, he stiffed President Reagan at the White House.

One might wonder how such deeds would play if a black man did them. Still, *Larry Bird* has a more important implication. If the housing projects in Brooklyn were full of white kids instead of black, there would be more of them in the NBA. There's a good chance Isiah Thomas's kids will grow up to be lawyers or engineers. Even Larry Bird's might.

—*Jonathan Rowe*

Fluctuating Fortunes: The Political Power of Business in America. David Vogel. *Basic Books, $20.95.* One hundred thousand people in our nation's capital work directly or indirectly for the business lobby. That's an astounding statistic, and it wasn't always so. Three decades ago, business was sleepy, relying on old-boy ties with a few powerful lawmakers to win the day. Now the capital teems with lobbyists of every pinstripe, doling out honoraria and contributions to lawmakers and importuning government for subsidies, exemptions, and favorable treatment.

Fluctuating Fortunes is a chronicle of business's political battles over the past three decades. It tells the story of the early victories of consumerists and environmentalists and the Fortune 500's ferocious and well-funded response during the 1970s and 1980s. David Vogel offers too much play-by-play and not enough color commentary; after reading this book, you'll feel as if you have just speed-read through a decade's worth of *Congressional Quarterly*. Still, it is a thoughtful and valuable account of how, following World War II, Democrats who had once seen big business as "economic royalists" came to view it as not only benign but the engine of prosperity.

During the 1960s, public attitudes shifted, spurred by the revelation that General Motors had hired a detective to spy on Ralph Nader. When GM's president apologized to Nader at a congressional hearing, politicians sensed a new and powerful consumerist impulse. Congress soon produced a torrent of business regulation—creating the Environmental Protection Agency and the Oc-

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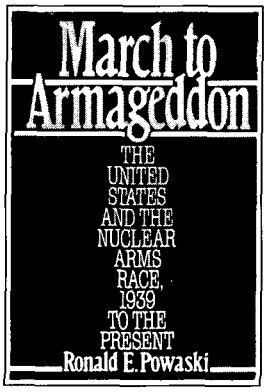

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cupational Health and Safety Administration, enacting new pollution and safety standards, and strengthening the Federal Trade Commission. By 1970, the Nixon administration and the Democratic Congress vied to be seen as more pro-environmentalist. Week after week, as they wound their way through Congress, the Clean Air Act amendments were *strengthened*.

But it didn't take long before business regrouped and launched a lavish, well-coordinated campaign to roll back regulation. Think-tanks and PACs proliferated, Mobil ads sprouted on op-ed pages, and a new generation of congressmen grew more dependent on their private backers than the support of their party. By 1981, President Reagan and House Democrats engaged in the notorious bidding war over tax cuts, taking turns poking loopholes in the tax code to woo businesses.

What happened between Earth Day and Gucci Gulch? Thomas Edsall, Brooks Jackson, Elizabeth Drew, and others have shown how business consciously heightened its efforts to influence policy. Vogel adds nothing new here. But he argues that the resurgence of business power stems more from public attitudes than PAC power. In his view, the ebb and flow of business political power is an artifact of the business cycle. When the economy is flush, he says, business loses political power. But when times are bad, when the threat of unemployment or the Japanese looms, concerns about corporate accountability can seem like an unaffordable luxury.

Clearly, there is some truth to Vogel's point. After all, the same Lee Iacocca who was derided in the 1970s for pushing Ford to produce the dangerous Pinto was lauded for whipping Chrysler into profitability in the 1980s. But international competition need not have yielded tax cuts and regulatory freedom for megacorporations—and business political power has everything to do with why we see that as "inevitable." After all, reform surges aren't limited to good times. From the populist movement in the 1890s to the New Deal, nearly every great reform movement was spurred by economic hardship.

In the end, Vogel's portrayal of an even match between business lobbies and their critics simply doesn't ring true. By trade, I am a public interest lobbyist (for Public Citizen), and I spend my days swimming among the sharks on Capitol Hill. There, the evidence of business's special power is everywhere. It's not just the obvious gaffe, like the senator's aide who referred to a favored firm as her boss's "client." ("Client, constituent," she told startled consumerists, "it's the same thing in this context, right?")

True, business lobbies often cancel each other out, but that doesn't mean that business *as a whole* lacks clout. All too often government serves as an arbiter between needs of competing trade associations rather than as a champion of the common good. Consider last year's drive by Citibank and other big-city banks to repeal the Glass-Steagall Act, the Depression-era law that prevents bankers from speculating with depositors' money. For months, banks, securities firms, and insurance companies butted heads. (The securities firms wanted to keep their monopoly.) Senators and congressmen chose up sides. The Senate Banking Committee chamber was so jammed with corporate lobbyists that there literally was room for only one consumer advocate. This may be changing as evidenced by the recent victory of a California ballot initiative rolling back insurance rates.

It's striking that this kind of feeding frenzy hasn't sparked more of a consumer backlash. Insider trading, the S&Ls, global warming, Bhopal—all would seem to make for juicy targets. The lack of a fuller response is partly the fault of consumerists and environmentalists, who have focused on narrow issues. But far more important has been the abdication of the Democratic party.

With the exception of brief gasps during the primaries, no leading Democrat (with the obvious exception of Jesse Jackson) made any efforts to stoke populist fires. Even Al Gore, an ardent environmentalist on the floor of the Senate, muffled his populism for the electorate. One reason for their squeamishness is the degree to which the fabled Washington Democratic establishment is financially dependent on big business. Consider Dukakis's two top Washington liaisons during the fall campaign: Richard Moe and Anne Wexler. For the past two years, Moe has lobbied on behalf of accounting firms seeking to weaken the racketeering laws—including a special "Wall Street carve-out" to benefit the securities industry. Wexler, in turn, organized a coalition of business PACs to lobby *against* strong campaign finance reform. It's no surprise that Dukakis didn't run hard against Republican fat cats.

Indeed, when Democrats pick party elders for service on commissions, they turn to corporate lobbyists like Lloyd Cutler and Robert Strauss, not former officeholders or policy leaders. The *least* controversial line on the resume of party chairman Ron Brown was his stint as a corporate lawyer.

Unfortunately, the tide isn't likely

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to turn anytime soon. The scope of business power increasingly is seen as beyond the purview of politics. Talk to young Democratic congressmen—even stridently progressive ones—and ask them what defines their liberalism. They'll tell you about the contras, about gay rights or civil rights. Few will answer, as their forebears would have, that their job is to stand up for the average citizen against today's economic royalists.

This political vacuum is doubly distressing since, as Vogel points out, improved regulation often resulted more from politicians responding to perceived public needs than from an organized public interest movement. He concludes, "Some day GM's management may look back with fondness to the 1960s, when its main worries were Ralph Nader and the United Automobile Workers rather than H. Ross Perot or Toyota." What both Vogel and business miss is that GM may need both Nader and the UAW to beat Toyota.

—*Michael Waldman*

Escalante: The Best Teacher in America. Jay Matthews. *Henry Holt, $19.95.* These days almost any kind of educational success story out of an inner-city school invariably prompts an outpouring of superlatives. "Miraculous!" "Marvelous!" "Extraordinary!" To some extent, landing a teacher with the professional skills and personal determination of Jaime Escalante on the doorsteps of one of the worst schools in Los Angeles might be considered something of a miracle. But what the middle-aged Bolivian immigrant did there with a group of underprivileged, Hispanic students, while wondrously uncommon in the low-achievement world of public education, was by no means supernal.

What he did, taking 18 seniors from East Los Angeles's gang-ridden James A. Garfield High School through the successful completion of the Educational Testing Service's Advanced Placement Calculus Exams in 1982, has of course practically become legend. It has earned him well-deserved honors from the barrios of East Los Angeles to the White House and been the subject of a well-received motion picture called *Stand and Deliver.* But not until Matthews's fascinating, but rather unlikely, book (How many books get written about real-life high-school teachers?), have we been offered a full account of this remarkable tale of modern-day life in a Latino ghetto.

Matthews, the Los Angeles bureau chief of *The Washington Post*, first heard of Escalante seven years ago through a newspaper article about 14 Garfield students suspected of cheating on the AP calculus exam. What struck him as unbelievable was not so much the report of cheating (later proven false) but that a school like Garfield—where the student body is 95 percent Latino, 85 percent poor, and mostly from families where their parents never graduated from high school—could produce even one student capable of passing the renownedly difficult test. Who was this man, Escalante, Matthews wanted to know, and how could he have accomplished so much with seemingly so little?

Matthews's search led him all the way back to Escalante's childhood in Bolivia. There he discovered an Horatio Alger story of sorts in the teacher's own life. As a bright but mischievous child, Escalante had been forced to overcome an abusive, heavy-drinking father on the way to becoming a celebrated, top teacher at some of the best schools in Bolivia. But when he came to America, looking to broaden his professional and personal horizons, he was told that his Bolivian degree was worthless. To support himself and his family, Escalante worked for 10 years as a janitor and then as a head cook at a Los Angeles restaurant while attending night school to re-earn his teaching degree. All the while, he never lost his gift for, nor his love of, teaching. But the sobering American experience reinforced in Escalante the unshakable determination and optimism that had made him, since childhood, always eager to take on a challenge. In fact, the bigger the challenge, the more it seemed to interest him.

One of Escalante's favorite challenges was shattering negative assumptions about the abilities of people from poor, ethnic backgrounds. As a little boy of eight, Jaime had bristled when his father whacked him across the face, after assuming he had stolen a pack of chewing gum that his friend had given him. As a new teacher at Garfield High, he was filled with the same anger when his colleagues assumed students at the academically shaky school couldn't possibly learn calculus.

Matthews tells how Escalante silenced the cynics with a compassionate and nonjudgmental voice, providing a rare, virtually unfiltered look at life in a world most non-minority Americans know very little about. The story was particularly interesting for me. As a former resident of a South Side Chicago housing project who attended a rough-and-tumble school with a reputation for the worst of everything—much like Garfield, though not Hispanic—I felt a great kinship with Escalante and his students. The "ganas," or desire to learn, that Escalante instilled in his students was given to me and my classmates at Wendell Phillips High in Chicago by our own Escalante—a very special man named Leroy Lovelace. What Escalante did with logarithms, Lovelace did with language. Utilizing a no-nonsense teaching style, tempered by razor-edged wit, showmanship, and seemingly Herculean classroom standards, both teachers imbued their students with a love of their respective subject, the confidence to belie the conventional wisdom that a ghetto or barrio background is a barrier to high academic achievement, and the vision to see beyond the probabilities to the possibilities of their lives. "You can do it!" was a favorite Escalante phrase no matter how impossible the assigned task seemed. For Lovelace, my freshman English teacher, it was "Let's see what kind of guts you got!"

What Escalante, Lovelace, and countless unsung classroom heroes across the country know is that if you expect nothing, you get nothing. There's nothing really miraculous about it. Dedication, determination, and hard work, lots of hard work, are the keys, and they are reserved not just for a select few.

—*Sylvester Monroe*

The Good Life: The Meaning of Success for the American Middle Class. Loren Baritz. *Knopf, $19.95.* Probably the best way to get to know a place quickly is to read the fiction that is set there. When my family moved to Westchester County, New York, a couple of years ago, I turned to the work of John Cheever, the

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"Chekhov of Westchester," for help in understanding our new home. Cheever's publicity during the last few years of his life (he died in 1982), in which he was always portrayed as a contented suburban squire, had given me the expectation that his work would be a celebration of the life of the bourgeois, white, Anglo-Saxon Protestant commuter. Actually reading it for the first time was a shock—Cheever's vision is an unrelievedly dark one, in which almost all characters are profoundly alone, unable to find a rewarding connection either to the society or to other people. And now we know, thanks to the recent publication of Cheever's letters, his biography, and a memoir by his daughter, that his life was as melancholic as his work.

Cheever surprised me sociologically as well as temperamentally. We now have a picture of the suburbs in the fifties, Cheever's best-known setting, as having been prosperous and optimistic, if marred by excessive conformity, racism, and sexism. Yet the great economic theme of his work is downward mobility. A few peripheral characters are participating fully in the post-war boom, but most of the fully drawn, empathetic figures can't maintain the standard of living (Manhattan apartments, summer houses, private schools, servants) in which they were raised. The men have vague, unsuccessful careers. The women are oppressed by the burden of housework that their mothers didn't have to do. Bills go unpaid. Heirlooms are sold off. There is too much drinking.

Several of Cheever's stories have endings in which the protagonist, after having journeyed to the lower depths of despair, has a redeeming vision of the beauty and goodness of life in Westchester. These endings are supposed to demonstrate that Cheever's outlook was not entirely bleak—that he found it possible to make one's peace after all—but I find this theory unconvincing. For one thing, happy endings in Cheever always seem tacked-on and inconsistent with the body of the story. For another, consolation usually comes from the beauty of nature, rather than from the human world. In "The Country Husband," "The village hangs, morally and economically, from a thread; but it hangs by its thread in the evening

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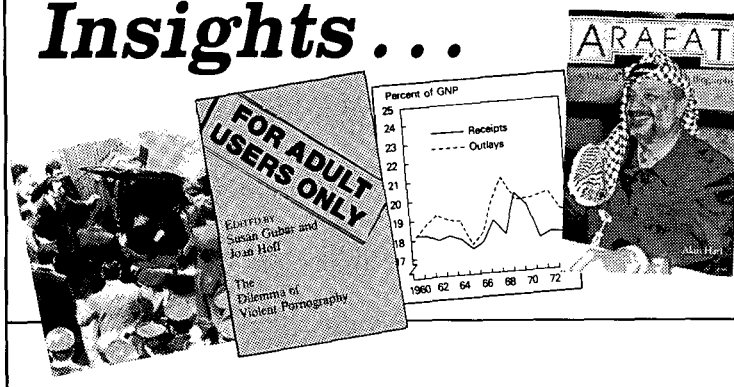

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light." To use Philip Rahv's famous partition of American literature, Cheever is a Paleface in terms of his subject matter, but he is at heart absolutely a Redskin. His vision of the good is anti-order and anti-civilization, and most of his heroes deep down would prefer to follow Huck Finn's lead and light out for the territories, only they've got families and mortgages and it isn't clear where the territories are any more.

Some of Cheever's discontents can be traced to his own situation as a bisexual (and by late middle age, homosexual) man who had resolved to remain in the role of husband and father. But there is a more general point that his work illustrates, which is that even at this late date American literature and thought have not yet made their peace with middle-class life. The middle-class literary protagonists who are happy with their lot usually lack moral and psychological awareness. Works whose aim is the glorification of the middle class nearly always seem second-rate; think of the long-forgotten novels of James Gould Cozzens, which were lavishly praised when they were published.

A new book by Loren Baritz, a professor of history at Amherst, shows that at least as far as intellectuals were concerned, the middle class in this country has always been in a state of crisis. Because it tries to cover a vast subject in 300 pages, *The Good Life* has an all-over-the-place quality, but it is quite useful as what academics call "a review of the literature" on the middle class. No sooner did the middle class become securely established, which didn't happen until after the Civil War, than it began to feel culturally imperiled by the influx of non-Anglo-Saxon immigrants, whose own destiny in the middle class was unimaginable at the time. The immigrants themselves had to undergo the agonies of assimilation. After strict quotas put an end to the chaos of immigration, the development of a national consumer culture and the emergence of a generation of rebellious youth in the twenties caused further convulsions in the middle class's existence. Then came the Depression and World War II. Simply mentioning the names of the leading chroniclers of the supposedly paradisaic middle-class life of the fifties—C. Wright Mills, David Riesman, Erik Erikson, Paul Goodman, William H. Whyte, Arthur Miller—ought to bring to mind how bad that time seemed to the thinking classes. Anyway, the fifties were, it's now obvious, an interlude, followed by a spirited attack on middle-class values.

American life since the sixties isn't yet far enough in the past for us to have gotten a good fix on it, but a few points are becoming clear. The OPEC embargo set off a period in which our faith in the perpetual rise in the standard of living evaporated. The emergence of the underclass has undercut an important part of the American twentieth century creed, the idea that poverty is a temporary condition usually lasting one generation at most. The excessive conformity that all the analysts of the fifties worried about has given way to an almost opposite problem, in which we have put such a premium on personal gratification that pulling together as a nation seems to have become impossible. The middle class, in other words, is still in the dock.

Baritz points out that in spite of its never-ending conceptual problems, the middle class has never had trouble attracting members. For decades, nearly all Americans have, when asked by pollsters, identified themselves as middle class.

So why, to judge from the evidence of books, are we discontented with the way most of us live? The easiest answer is to blame the "opposition culture" of intellectuals—that is, to say that the whole picture that we have of the woes of the American middle class is simply the result of a pose that American intellectuals decided to strike at around the time of World War I and have stuck to ever since. There is something to this, but it doesn't suffice as the entire reason. How to explain someone like Cheever or, going back a century, the first important Westchester County writer, Washington Irving, both of whom seem to have truly wanted to present a picture of a glowing, pastoral, contented America, but somehow couldn't?

Baritz notes in his introduction that "America has not yet found its Flaubert or Thomas Mann," meaning, I think, that our leading novelists have yet to accept the existence of the middle class as a given, so that in American fiction there lurks the idea that middle-class discontents might be healed simply by leaving the middle class. Indeed, most middle-class Americans still have non-middle-class family memories; the existence of the middle class still seems like a development recent enough that intellectuals are required to take an editorial position on it. Also, the American middle class, more than the middle classes of other countries, is obsessed with the possibility of big-time success—of getting to some place high above the middle where life is defined by wealth, glamour, fame, or freedom. Because of this, comfortable middle-class life seems somehow pallid, compromised, and insufficient. Real-estate-industry propaganda to the contrary, the American dream is not ownership of a single-family home, but something more frustrating and unattainable.

The idea of an American culture that actively celebrated middle-class life seems pretty dreary, but if, instead, we learned merely to accept it, the operation of the country would become easier. At the level of everyday life, people would probably save more money, uproot their families less often, and spend less time at tanning salons and EST weekends. Intellectuals and artists could devote the efforts now expended on rebelliousness to something else. Makers of government policy could get away from the frontier-town tone that the debate over issues so often assumes. In exchange for this new civility we would surely lose some of the energy generated by a mobile society.

Would it be worth it? The question is academic. There is a tendency to interpret all of American culture as simply a function of how old the baby-boom generation happens to be. Therefore, it's common these days to hear that the national life is going to slip into a middle-aged mode in the 1990s, with everyone sitting at home with pipe and slippers. I don't believe it. The United States is extremely young compared to other industrialized countries, and it has just completed a period of rapid economic change, major internal population shifts, and heavy immigration. The Redskin is still at large in the culture; discontentedness with middle-class life will be with us for a long time.

—*Nicholas Lemann*

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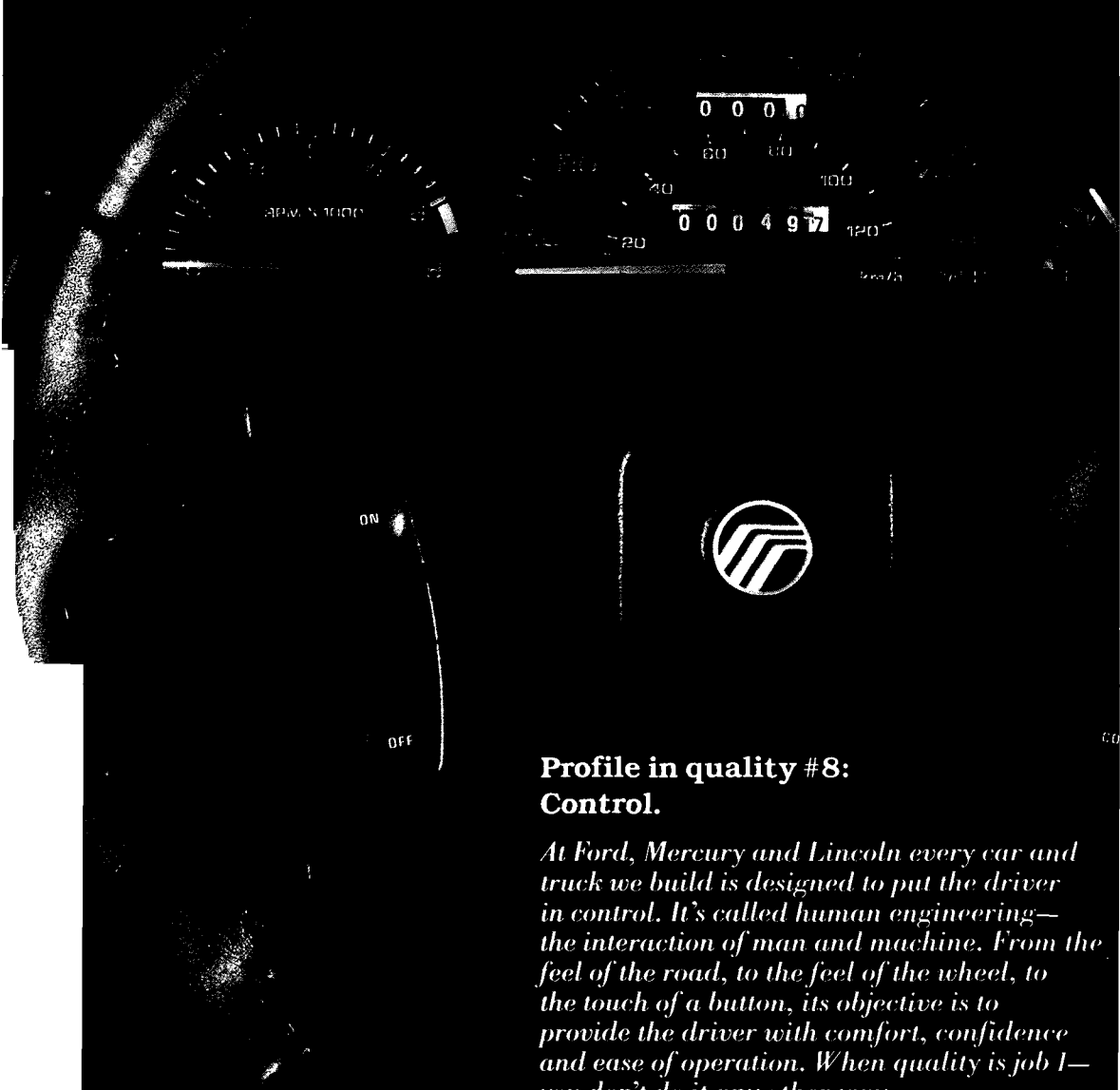

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